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FINANCIAL TIMES

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Wednesday August 14 1991

World News

Business Summary

President of Italy flies to Albania for refugee talks

Italian president Francesco Cossiga flew to Tirana for the first visit to Albania by a western head of state since the Second World War, as Italy completed the return of thousands of refugees who crossed the Adriatic Sea last week.

During his five-hour visit, he held talks with president Ramiz Alia and prime minister Ylli Bufi about a new security agreement under which Italy will help Albania patrol its shores.

Rome is to allow several hundred army deserters among the refugees, who would be at risk if sent back to Albania, to apply for political asylum.

Page 2

Yugoslavian vision

Serbian president Slobodan Milosevic says his vision for a new Yugoslavia does not include Slovenia, but takes in some Serb-inhabited regions of Croatia. Page 12

Oilfield fires put out

The last oil well fire in Kuwait's Majma'a field has been extinguished. Of 728 wells set alight in Kuwait by retreating Iraqi troops, 293 have been brought under control. Page 4

Brazilian cholera fears

There are fears in Brazil that cholera may soon affect food exports. A total of 36 cases has been reported, mostly near Brazil's border with Peru. Page 3

Soviet gloom

Soviet prime minister Valentin Pavlov warned of food shortages, electricity cuts and the "disintegration of the USSR" in the coming winter. Page 2

Prisoners to be freed

South Korea will free 1,032 prisoners, including five serving life, to mark Independence Day today.

Elections for Mali

Mali is to have a new constitution and general elections will be held within six months, a national conference of 1,811 delegates agreed. Mali's military leader, president Amadou Toure, who led a coup which overthrew Moussa Traore in March, is set to step down.

Apology over seal hunt

Norway has apologised to Denmark for illegally hunting seals in Greenland waters after two state-subsidised vessels went outside the Norwegian economic zone. Denmark controls Greenland's foreign policy, defence and natural resources.

Pope in Poland

Pope John Paul arrived at Krakow, in his native Poland, at the start of an eight-day east European tour.

Singapore elections

Singapore prime minister Goh Chok Tong is expected to announce general elections shortly. His People's Action party holds 80 of the 81 seats in parliament and can be expected to maintain its dominance, but the scale of the popular vote will be a crucial personal test for Goh. Page 4

Accidental deaths

Thirty-five of the 148 US servicemen killed in action in the Gulf war were victims of "friendly fire", the Defence Department said, the figure is far higher than previously acknowledged. Page 5

41 die in floods

Floods have killed 41 people in Chad and northern Cameroon after the heaviest rains for 30 years.

Cans' conquest

Pilsner of Czechoslovakia's hopes to increase beer sales to the west by introducing lager in cans - a method of packaging scorned by Czech drinkers. Page 5

De Beers' profits fall to \$446m as shares hold

De Beers Consolidated Mines of South Africa and its overseas arm De Beers Centenary, which together dominate the world's rough (uncut) diamond business, reported that combined attributable profits in the six months to end-June had fallen by 14 per cent, from \$517m to \$446m.

This was roughly in line with expectations and De Beers' share price held steady to close in London down 5/4 at £104 1/2.

POLYGRAM, music company 80 per cent owned by Philips of the Netherlands, announced net income up 24.6 per cent to £147m (\$88.5m) for the six months to the end of June, despite the economic downturn in Britain and the US. Page 13; Lex, Page 12

GENERAL ACCIDENT, the UK's third biggest composite (life and general insurer), blamed the country's recession for a sharp rise in pre-tax losses. Page 13; Lex, Page 12

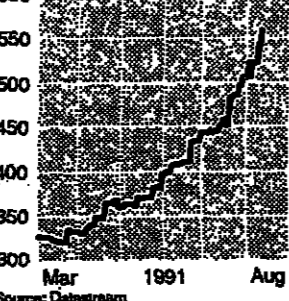
FOKKER, Dutch aircraft builder, said net profit was virtually flat in the first half of 1991 despite a 52 per cent increase in operating profit.

The difference between the two figures is the result of the partial sale of a non-consolidated company in 1990 and the rise in interest charges in the first half. Page 14

ALUMINIUM PRICES held steady at the London Metal Exchange despite a further big rise in LME warehouse stocks - by 14,925 tonnes to 550,000 tonnes.

Aluminium stocks

London Metal Exchange Warehouse (500 tonnes)



a record 557,450 tonnes. Dealers explained that a continuing rise in stocks during the third quarter of the year had already been discounted. Market report, Page 20; Hungary to close aluminium plants. Page 20

J.C. PENNEY: Sluggish economy and fierce competition was reflected in the second-quarter results of the fourth biggest US retailer, which turned in a 62.6 per cent drop in second-quarter net income on a 3.5 per cent decline in retail sales. Page 14

GLAXO, drug company, received limited UK approval for its migraine drug sumatriptan, seen as one of the main planks for the company's growth to the end of the century. Page 14

JOHN BROWN Engineering: A deal between the US company and a steel construction plant in Baku has been hailed in the Soviet press as an indication that Soviet plants are capable, on occasion, of meeting world standards. Page 5

MARSH AND SPENCER, high street retail chain, is putting an up-market touch to its stores in Canada in the hope of improving their perennially dismal performance. Page 17

POWER PLANT: The Portuguese government has chosen an international consortium including Siemens of Germany and PowerGen of the UK to build and manage a gas-fired power plant at Tapada do Outeiro, near Oporto. Page 5

BECK: The US has reopened its markets to Brazilian beef in recognition of substantial improvements in the country's testing laboratories. Page 20

Authorities act to halt run on bank

Japan hit by \$2.5bn bank loan scandal

By Steven Butler in Tokyo

THE BANK of Japan moved quickly yesterday to contain the damage from the fourth and biggest fraudulent loan scandal to be uncovered in Japan in the past month.

The Toyo Shinkin bank, an Osaka credit co-operative, revealed that a branch manager had issued ¥342bn (\$2.5bn) in fake deposit certificates, which were used as collateral to obtain loans from other financial institutions, including the Industrial Bank of Japan.

The Bank of Japan and the Ministry of Finance both issued formal statements of support which helped to avert a run on the bank.

A series of similar scandals involving Japanese banks in the past month has undermined public confidence in the financial system and has raised questions about the adequacy of bank management and the regulatory system.

The scale of the latest affair is also likely to put further pressure on Mr Ryutaro Hashimoto, the embattled finance minister, to resign.

He has already faced calls for his resignation stemming from scandals in which securities houses have compensated favoured clients for investment losses.

The financial community was stunned by the size of the loans involved at Toyo Shinkin, which were nearly as large as the deposits of the credit co-operative. The fake certificates were found from October last year to April this year, and were discovered last



Hashimoto: more pressure

Evidence of a deceleration in the Japanese economy came yesterday from Japanese machinery orders which fell by 19 per cent in June compared with the previous month and by 9.3 per cent on the same month last year, according to seasonally adjusted figures released by the Economic Planning Agency. Details, Page 12

The Osaka prosecutor's office yesterday detained a former branch manager at the bank, Mr Asami Maekawa, and an Osaka restaurateur, Ms Nui Onoue, on charges of forgery and fraudulent use of the documents.

Ms Onoue is believed to have used the fund to purchase shares of large Japanese corporations, including the Dai-ichi Kangyo Bank, the Fuji bank, and the Industrial Bank of

Japan, whose share prices declined yesterday.

Announcement of details of the affair depressed the stock market, where the Nikkei average fell by 113.67 to close at 22,872.00.

The Ministry of Finance and the Finance Ministry each said that the underlying business of the Toyo Shinkin was sound and that they stood ready to support the bank in co-operation with the Industrial Bank of Japan - the banker to Ms Onoue - the Sanwa bank - which serves as a clearing bank for Toyo Shinkin - and the National Federation of Credit Co-Operatives.

They said, however, that financial support for the Toyo Shinkin would not be necessary unless there was a run on the bank by depositors.

The Ministry of Finance also instructed non-bank financial institutions to check the authenticity of high-value certificates of deposits used as collateral for loans.

An IBJ spokesman said Ms Onoue is one of its clients and that it lent an undisclosed amount of money to her based in part on the false deposit certificates. "Although the bank is one of the victims in the fraudulent deals, we would like to take appropriate measures in consultation with monetary authorities to maintain order and avoid confusion," IBJ said in a statement. Banking industry sources said Ms Onoue had been borrowing massively from IBJ and financial institutions to buy various blue chip equities.



On the move: Javier Pérez de Cuéllar after talks in Geneva yesterday

Hopes for hostage swap rise as sides draw closer

By Victor Mallet in Tyre, southern Lebanon, and Roger Mathews in London

PROSPECTS for the release of hostages held in Lebanon and Israel appeared to brighten yesterday as Mr Javier Pérez de Cuéllar, the UN secretary-general, said in Geneva that the various parties were not too far apart.

Mr Pérez de Cuéllar is to hold further talks today with Mr Uri Lubrani, the Israeli negotiator. The latter had returned to Jerusalem for instructions from Mr Yitzhak Shamir, the Israeli prime minister, and other cabinet members.

Mr Shamir yesterday

pledged in a letter to John Major, the UK prime minister, that Israel would play a "constructive role" in seeking to secure the release of all hostages in the region. Downing Street officials described Mr Shamir's letter, which came in reply to a message from Mr Major, as "encouraging".

Israel had earlier announced that it was willing to free hundreds of Lebanese Shia Muslims in return for seven Israeli servicemen missing in Lebanon. The release of the Shias, many of whom are held in the zone of southern Lebanon con-

trolled by Israel, was a key demand in the letter from Islamic Jihad delivered by Mr John McCarthy, the freed British journalist, to Mr Pérez de Cuéllar on Sunday.

Any agreement between Israel and the Lebanese groups is expected to trigger the release of the remaining 10 western hostages.

Mr Pérez de Cuéllar said yesterday that the sides were no longer an ocean apart. The gap was more the size of a river, he continued on Page 12

Death of a moderate, Page 11

Interest rates threat to E German economy predicted

By David Goodhart in Bonn

THE ECONOMIC upswing in eastern Germany could be jeopardised if the Bundesbank raises interest rates tomorrow as expected, Mr Jürgen Möllemann, the German economics minister, warned yesterday.

Speaking to journalists in Erfurt, in eastern Germany, he said that the Bundesbank's central council should consider whether the upturn in east Germany would not be endangered by a rise in interest rates.

"Bundesbank president Helmut Schlesinger... needs to keep in mind that an interest rate rise will seriously injure

the fragile flower of the upturn in eastern Germany," Mr Möllemann said.

Such warnings are likely to have little, if any, impact on the Bundesbank's thinking. The Economics Ministry has little clout in German politics and tends to be a spokesman for the interests of the "real" economy, such as industry, in discussions on interest rates.

The Bundesbank has raised expectations of a rise in interest rates to such a degree that not to act tomorrow could cause a serious weakening of the D-Mark.

Mr Karl Thomas, Bundes-

bank director, said last week that a discount rate rise was "long overdue".

The German business establishment is divided on the issue, with several senior bankers and the national association of chambers of commerce speaking out in favour of an increase in rates to try to force down inflation. This is now running at 4.4 per cent in July, which is relatively high by German standards.

The Association of German Banks argued yesterday against an increase in the Lombard and discount rates, saying that the Bundesbank had

already given a clear anti-inflationary signal when it recently reduced its targets for the increase in money supply.

The recent weakness of the dollar also made anything more than a technical adjustment to rates unnecessary, the association said.

The period of eight years of steady growth in west Germany was ending, it said, but a recession could be avoided if the economic situation in the US and western Europe improved and the recovery in the east German economy began soon.

The association also argued that the 4.4 per cent inflation rate recorded in July did not accurately reflect the underlying rate because it included the recently raised consumption taxes, part of the one-year extra tax package to help pay for German unity.

"What has been caused by tax policy should not necessarily be repaired by interest rate policy," the association said.

It believes the recession in east Germany is close to bottoming out. However, yesterday's industrial production figures for April and May in east Germany suggested that this

had not happened at the end of May.

Germany's postal minister said yesterday that support from the opposition Social Democrats had increased the chances for partial privatisation of the state-owned postal and telecommunications authority, reports Zeyher from Bonn. Mr Schwarz-Schilling said partial privatisation could be achieved before 1994. The postal service could initially be reorganised as a joint-stock company with the government holding a majority stake.

E German production, Page 2

Adidas owner restructures to pay off part of debts

By Allison Maitland in Paris and Alice Rawthorn in London

MR BERNARD Tapie, the flamboyant French entrepreneur, yesterday announced a restructuring of the ownership of Adidas, the German sporting goods group.

The move enables Mr Tapie to pay off a large part of the debt he incurred in buying the company last summer.

Pentland, the UK consumer products company, is paying DM134.5m (\$78.5m) for 20.05 per cent of BTG, the German holding company through which Mr Tapie controlled 95 per cent of Adidas, one of the most famous names in the international sporting goods best known for its football boots and running shoes.

Mr Tapie has also sold another 25 per cent of BTG to other investors. This, combined with the Pentland sale, leaves his own interests with 55 per cent of the equity.

Three French financial institutions - Crédit Lyonnais, the state-controlled bank which has been one of Tapie's main backers; AGF, the publicly-owned insurance company;

and Banque Worms, a subsidiary of UAP, the main French state-owned insurer - have together taken a 19.95 per cent stake.

The Adidas management team, led by Mr René Engel, has bought the remaining 55 per cent. Pentland and the Adidas management each have an option to buy a further 5 per cent stake from the institutional investors.

Pentland, which recently raised more than £200m (\$342m) by selling part of its investment in Reebok, has been expanding its sports and leisure interests.

It completed a series of deals to buy the worldwide rights to Speedo swimwear and last month acquired Foot-Joint, international sports shoes from Adidas.

The UK group holds priority pre-emptive rights over the remainder of Mr Tapie's stake in BTG. Mr Frank Farrant, managing director group finance, said Pentland may consider increasing its holding in the future.

Adidas' fortunes have faded in recent years as it has lost ground to the aggressive US sportswear companies such as Nike and Reebok.

Under Mr Jäger's management Adidas has returned to profit by cutting costs and moving production to sub-contractors in Asia. It made pre-tax profits of DM57.1m on sales of DM3.3bn last year, against a loss of DM63m in 1989.

The restructuring will allow Mr Tapie, who is parliamentary deputy for Marseilles in addition to his business interests, to repay FF1.27bn (\$210m) of the money borrowed from an international group of financial institutions to fund the estimated FF2bn purchase of Adidas last year.

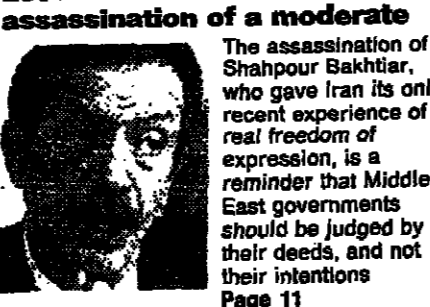
Some bankers had expressed doubts about Mr Tapie's ability to finance the deal. However, he insisted in June that he would honour the August deadline for his first repayment of FF900m, which, with interest, had risen to FF937m.

Lex, Page 12

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Lessons to be drawn from the assassination of a moderate



The assassination of Shahpour Bakhtiar, who gave Iran its only recent experience of real freedom of expression, is a reminder that Middle East governments should be judged by their deeds, and not their intentions. Page 11

MARKETS

STERLING	DOLLAR	STOCK INDICES
New York lunchtime:	New York lunchtime:	FT-SE 100:
\$1.80	DM1.7325	2,584.9 (+15.5)
London:	FF5.8945	FT Ordinary:
\$1.893 (1.688)	SF1.5145	2,022.3 (+14.8)
DM2.93 (2.93)	Y136.4	FT-AIR-Share:
FF9.975 (9.925)	London:	1,235.68 (+0.6%)
SF72.565 (2.565)	DM1.7305 (1.725)	New York lunchtime:
Y231.0 (231.75)	FF5.8925 (5.8575)	DJ Ind. Av.
£ index 90.8 (same)	SF1.5145 (1.51)	3,025.94 (+24.8)
GOLD	Y136.5 (same)	S&P Comp
New York: Comex Dec	\$ index 86.3 (same)	391.43 (+3.41)
\$362.2 (363.6)	Tokyo close: Y136.4	Tokyo: Nikkei
London:	US LUNCHTIME	22,872.0 (-113.67)
\$356.75 (358.35)	RATES	LONDON MONEY
N SEA OIL (Argus)	Fed Funds: 5%	3-month interbank:
£19.475 (19.625)	3-mo Treasury Bill:	10 1/2% (10 1/2)
£19.475 (19.625)	5.43	Life long gilt future:
Chief price changes	Long Bond:	10 1/2% (93 1/2)
yesterday: Page 13	99 1/2	Sep 93 1/2 (93 1/2)
	yield: 8.178	



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AMERICAN NEWS

Pointer to US economic recovery

Higher retail sales reinforce signs of growth

By Michael Prowse in Washington

THE Commerce Department yesterday reported a larger than expected rise in US retail sales in July, a reassuring sign of economic growth after a string of disappointing statistics.

After seasonal adjustment, retail sales rose 0.5 per cent to register their third consecutive monthly increase. Sales were 2 per cent higher than in July last year and 1.3 per cent higher in the most recent three months compared with the previous quarter.

Past figures were revised upwards substantially. The department said retail sales rose 1.2 per cent and 0.1 per cent in May and June respectively. Initial estimates showed a rise of only 0.8 per cent in May and a fall of 0.3 per cent in June. The figures are not adjusted for inflation.

Last month's improvement was led by a 1.5 per cent increase in sales of motor vehicles. But other sectors were also relatively buoyant. Sales of home furnishings and

equipment rose 1.9 per cent; department store sales were up 3.2 per cent, making good a dip in June; and retail sales excluding cars were up 0.3 per cent.

The stronger tone is significant because a durable economic recovery is regarded as possible only if the rise in consumer spending in the second quarter is sustained. Weak employment figures and disturbingly low personal savings had raised doubts about the resilience of US consumers.

The figures are consistent with the White House forecast of a steady but sluggish economic recovery. But many analysts still fear a "double dip" recession with output falling again later this year.

The Federal Reserve, the US central bank, last week responded to signs of economic weakness by cutting interest rates for the first time since April. Further moves are highly unlikely before the next meeting of the policy-making Federal Open Market Committee on August 20.

Manhattan braces for thousands of job losses

Further contraction in the banking industry does not bode well for New York, writes Karen Zagor

THE US may have seen off the worst of the recession, but the anticipated turnaround is of cold comfort to Manhattan's residents, who are bracing themselves to absorb thousands of private-sector job losses this year.

The latest blow was struck by Chemical Bank and Manufacturers Hanover, which will slash about 5,900 New York city jobs when they consummate their marriage later this year.

To make matters worse, many economists believe Chemical's job-loss estimates are conservative, and that 10,000 is a more accurate projection.

It is now accepted wisdom that the big US banks must consolidate to thrive, but further contraction in the banking industry does not bode well for New York, which is home to a disproportionate number of America's banks.

In the first three months of this year alone, the city lost about 10,000 commercial banking jobs - almost as many as throughout 1990.

The Chemical job losses come at a time when the city, already wrestling to balance its 1992 budget, is laying off thousands of workers and making deep cuts in services to cope with the shortfall in tax revenues.

Some economists say that the private-sector employment outlook for New York is so bleak that it may precipitate a crisis on a par with 1970s, when the city came close to bankruptcy.

The commercial banking sector, which employed 108,300 in New York at the end of 1990, has become particularly important to the city's economy, partly because of its size and partly because of its high wages. Even clerical positions in banks pay relatively well.

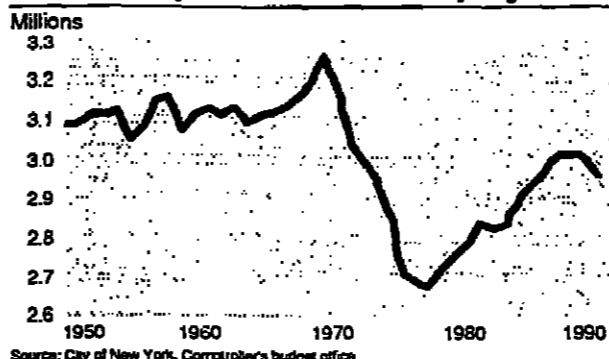
Mr Emanuel Tobler, an economist at New York University, expects the Chemical merger to have a considerable impact on New York's economy.

Not only will the city have to cope with the direct loss of tax revenues from those bank employees who do not find equally high-paying jobs, but the pain will also be felt in sectors supported by bank employees, such as housing and restaurants.

According to a model developed by Mr Matthew Drennan, an economics professor at New York University, for every commercial banking job lost in the city, another 1.4 local employees will lose jobs. Thus the 5,900 Chemical redundancies will translate into a total of 14,160 for the city as a whole.

In terms of lost tax revenues, Mr Stephen Kagann, chief

NYC total private sector employment



Source: City of New York, Comptroller's budget office

economist at the Comptroller's budget office, estimates that each private-sector job cut will indirectly cost the city \$6,300 (23.9¢) in lost taxes when the secondary impact on real estate and other areas is considered.

Fiscal crisis is not new to New York. Between 1969 and 1977, employment in New York's private sector fell 17.6 per cent while the nation's private payrolls grew 15.7 per cent, according to city economists.

The city weathered the 1982 recession well, largely because of the deregulation of the financial services industry, which sparked rapid growth of securities houses and the New York exchanges. The expansion helped shift New York's economic base from manufacturing to business services. But the 1987 crash on Wall Street interrupted New York's recovery.

current recession, the city's base has remained intact.

At the start of the 1970s, the city's old specialties of manufacturing, port-related activities and trucking, were still big, and there was a national trend towards moving these activities away from cities, and employment in these areas fell precipitously," Mr Drennan said.

"At same time, there was a big run-up in energy prices. In addition, the Penn Central Railroad freight company collapsed."

One of the major differences between the 1990s and the 1970s is that the city is not losing its economic base. "New York is still seen as a major financial centre and it will continue to have an office-based economy," Mr Drennan added.

Although financial services have been badly hit, the securities industry had a very strong first half, and foreign banks are continuing to move into New York.

Others are less sanguine. "In the 1970s, we lost a large number of marginal manufacturing jobs. Over the last one-and-a-half years, most of the job losses have been high-paying," one city economist said.

"We may be losing fewer jobs in terms of numbers, but the impact on the economy is as great. Small gains from foreign banks moving into the

city will not offset the bigger losses from Chemical Bank and Citicorp."

In addition, Chemical's plans to vacate its Park Avenue headquarters and to close 70 branch offices in the city will put more prime real estate on New York's already strained commercial real estate market. Vacant office space is already running at 18 per cent in the city, because of the exodus of big firms such as Merrill Lynch, which have left behind headquarters in the city but moved most of their operating staff.

The securities and financial services industries, which occupied 2.04m square feet in midtown Manhattan in 1987, occupied only 356,000 sq ft in 1990. Banks leased only 989,000 sq ft in 1990, compared with 1.4 sq ft in 1989.

Mr John McGillicuddy, chairman and chief executive of the new Chemical Bank, expects the merger to produce "a much stronger entity that can serve our customers with distinction and compete effectively with any financial institution in the world. That's good for New York and good for the US."

When the dust settles, New York may well gain if its financial institutions are leaner and stronger. But in the short term, "the city will have to bear the losses," Mr Tobler declares.

Brazil fears effects of cholera on exports

By Victoria Griffith in São Paulo

BRAZIL'S private sector fears that the spread of cholera may soon affect the country's food exports.

São Paulo, Brazil's main industrial city, has acknowledged its first case. Another 35 cases have been reported mostly in the Amazonian region, near Brazil's border with Peru, where the outbreak on the continent began.

The arrival of cholera in São Paulo has unnerved local health officials, although it is thought unlikely that the victim, an Ecuadorian returning from a visit to his home country, contaminated others.

The National Confederation of Industry said it would soon launch a programme in conjunction with the federal health ministry to combat the

disease. The confederation will distribute water purifying tablets to areas considered most at risk. "It's in our interest to keep the disease under control," said the confederation.

Fear of cholera has already affected sales of fruits and vegetables in Brazil's cities.

So far, Brazil has not reported any deaths from cholera. According to the ministry of health, information and clean-up campaigns have helped control the disease. The government will spend \$50m (\$28.2m) this year to fight its spread.

The government has sponsored television advertisements describing the disease's symptoms and urging victims to seek help as quickly as possible.

Venezuelan strike over petrol prices

THOUSANDS of Venezuelan transport workers launched an indefinite strike this week to protest at rises in petrol prices decreed by the government, Reuters reports from Caracas.

A senior official at the confederation of transport workers' unions said public transport had come to a standstill in many cities.

The confederation said about 300,000 workers affiliated with it had joined the strike, which started on Monday. However, in Caracas, the capital, transport services continued normally after 36,000 subway conductors and public bus drivers voted not to strike.

Hundreds were killed in riots in February 1989 after President Carlos Andrés Pérez's newly installed government ordered a sharp rise in the petrol price. The latest rise was announced this month.

'Friendly fire' toll revised upwards

THIRTY-FIVE of the 148 US servicemen killed in action in the Gulf war were victims of "friendly fire", the Defence Department said yesterday, AP reports from Washington. In addition 72 servicemen were wounded in accidental fire from their own side.

The casualties are far higher than previously acknowledged by military officials. Last month, the Central Command issued a preliminary count of 11 US soldiers killed and 15 wounded from friendly fire during the 43-day conflict.

US forces also were held responsible for killing nine British troops and wounding 13 of their fellows, the officials said at the time.

A senior US officer who spoke on condition his name or service not be used, said most of the casualties came at night and at long range.

Tough regulator, blunt speaker

MR William Taylor, President George Bush's choice to be the new chairman of the Federal Deposit Insurance Corporation (FDIC), which insures bank deposits, will bring to the job three decades of experience as a bank supervisor with the US Federal Reserve system.

He is also no stranger to the Resolution Trust Corporation, the agency set up to supervise the rescue of bankrupt savings and loan organisations, having served as president of its oversight board, responsible for setting its policy.

His predecessor as FDIC chairman, Mr William Seidman, won enthusiastic support in Congress as an independently minded regulator who did not hesitate to speak his mind - often to the annoyance of the Bush administration.

Mr Taylor may lack his predecessor's congressional clout, but, if his nomination is confirmed by the Senate, he is generally expected to show just as independent a mind, and to equal Mr Seidman in blunt speaking.

Mr Taylor, 52, first joined the Fed in Chicago in 1961, serving seven years as a bank examiner before leaving for a spell in the private sector in banking and real estate development.

He returned to the Federal Reserve Board in Washington in 1978 as chief of financial

George Graham profiles President Bush's choice as next chairman of the FDIC

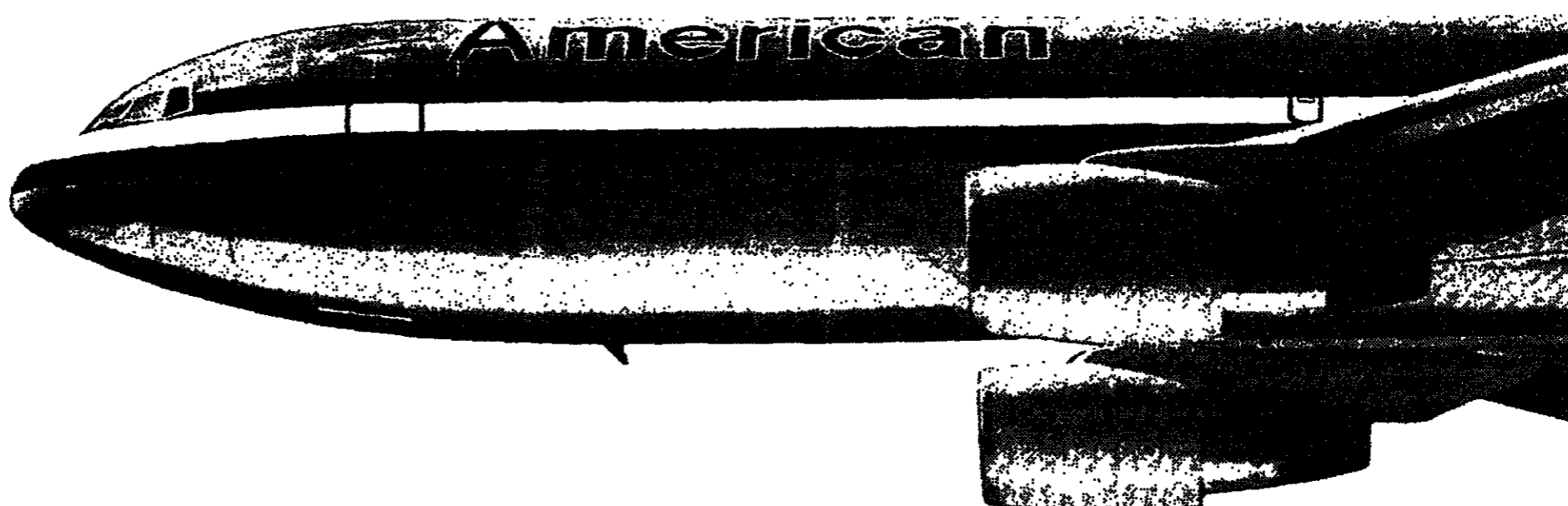
institutions supervision, rising to head the Fed's overall bank supervision division.

Mr Taylor is respected in the banking industry, where he is viewed as a tough regulator who is unlikely to make concessions on the need for strict controls on the division of risks and capital adequacy ratios.

"During the past decade, the banking industry has found Mr Taylor to be a tough but fair regulator," said Mr Richard Kirk, president of the American Bankers Association.

Mr Taylor has criticised the division of supervisory powers between the Fed, the FDIC and the Comptroller of the Currency, arguing that the Fed should have sole responsibility for bank regulation.

The only significant obstacle to his confirmation by the Senate is criticism of the Fed's handling of the Bank of Credit and Commerce International (BCCI), but banking industry specialists do not expect this to hold up his appointment.



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WORLD TRADE NEWS

India raises incentives to boost export drive

By David Housego in New Delhi

THE Indian government yesterday sought to boost exports further by increasing incentives to companies setting up in export processing zones.

Companies operating from the zones, or setting up units geared wholly to exports, will be able to convert 30 per cent of their export earnings into freely-tradable foreign currency.

Such currency conversion into paper instruments, known as Eximscrips, can currently be marketed in India to importers at a premium of 42 per cent.

Eximscrips introduced amongst the new government's first liberalisation measures replace what used to be known as "replenishment licences", which entitled them to make imports worth 30 per cent of exports.

Until yesterday, companies operating from export processing zones and/or wholly geared to exports had not been eligible for the benefits of the Eximscrip scheme.

The government also announced that it was reducing customs duty on sales from export processing zones to the domestic market and allowing privately-owned bonded ware-

houses to be established in the zones.

The new measures are an extension of the trade liberalisation moves announced by the government this month.

They come at a time when trade figures for the April-June period show that exports fell by 6.6 per cent in dollar terms compared with the same period last year.

"A system of automatic approvals is being established for all proposals which fall within certain parameters," Mr P. Chidambaram, Minister for Commerce, said.

The trade deficit also contracted by 22 per cent because of the sharp drop in imports. Among other measures of devaluation announced yesterday, the government also reduced discretionary controls on some imports.

Twenty items, including platinum, raw jute and floppy diskettes, have been removed from the list of products which can only be imported by a government agency.

Indicative of the change of mood, Mr P. Chidambaram, the

Minister for Commerce, announced that the office of the Chief Controller of Imports and Exports was being renamed the Directorate-General of International Trade.

The two main state organisations that have been responsible for imports - the State Trading Corporation and Minerals and Metals Trading Corporation - are being given a new role as international trading agencies.

A major test case for the government's new liberalisation policy is whether Coca Cola will be allowed to return to India.

Coca Cola is seeking to establish a food processing and soft drinks facility in Noida, the export processing zone outside Delhi.

Coca Cola wants to establish the unit in order to take advantage of provisions that would allow it to sell up to 25 per cent of its output in the domestic market.

In remarks seen as including the controversial Coca Cola proposal, Mr Chidambaram said yesterday that a "system of automatic approvals is being established for all proposals which fall within certain parameters".

German banks to lend Iran DM500m

A GROUP of German banks is lending Iran more than half a billion marks (\$170m) to finance the purchase of goods and services from German companies, Deutsche Bank, the group's leader, said yesterday, Reuters reports from Frankfurt.

Deutsche Bank, Germany's biggest bank in terms of assets, said a DM500m credit facility had been arranged for the National Petrochemical Company in Tehran, a subsidiary of the National Iranian Oil Company.

The money will help Iran finance the reconstruction, modernisation and expansion of its petrochemical industry.

Iran has said it expected to borrow a total of \$600m from German and Italian banks to help it finance petrochemical projects.

All loans would be repaid in eight years.

The contracts are part of an investment programme, including about \$3.5bn of foreign credit, to develop Iran's petrochemical industry under a five-year plan ending in 1994.

The German loan would help finance a polyvinylchloride (PVC) plant at Bandar Imam Khomeini on the Gulf coast, to be built by German companies Krupp Koppers and Kloeckner.

Individual credit agreements that are part of the facility will carry German and Iranian state guarantees, Deutsche Bank said.

Commerzbank, Dresdner Bank and Société Générale-Edelsteine Bank and Co were also in the consortium, it said.

Swedish investment looks inward

Robert Taylor examines a chilly attitude to foreign companies

SWEDEN is suffering from a widening investment gap; its own foreign investment offensive has yet to be met with a comparable surge of investment by foreign companies into Sweden.

The country's corporate sector has considerably increased its investments outside Sweden in the past decade. In 1980 SKr4.65bn (\$0.44bn) was invested abroad; by last year this figure was around SKr10.9bn (\$1.02bn), focused particularly on the EC.

In stark contrast, the flow of inward investment from foreign companies has hardly been more than a trickle, at least not until last year. In the first half of the 1980's net foreign investment into Sweden did not rise above an annual figure of SKr1bn (\$0.2bn).

It is true this improved strongly in 1989 and 1990, when it climbed to over SKr5bn

Inward investment flow has hardly been more than a trickle

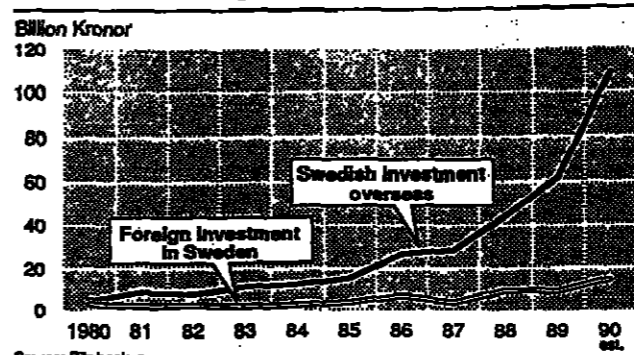
(\$0.44bn) and above all in 1990 as it reached SKr14bn (\$1.32bn), but there is roughly a five to one imbalance between inward and outward investment.

Brian Corby, the president of the Confederation of British Industry, said during a visit to Sweden earlier this year that it was "a hostile environment for foreign investors".

Last year Swedish companies acquired 18 British firms for a value of SKr30bn (\$2.8bn), but not one British company moved into Sweden during the same period. There is a similar investment imbalance with other trade rivals like Germany, the US and France.

This does not mean that Sweden is wholly bereft of foreign owned companies. It is

Swedish foreign investment



Source: Riksbanken

estimated as many as 2,500 are operating inside the country and they employ around 160,000 workers, around 8 per cent of the labour force. The biggest intrusion has been in wholesale trade where about 20 per cent is in foreign hands.

Pihlgrin Glass has operated in Sweden for many years and is one of the country's top three most profitable enterprises.

Other large foreign owned companies like Siemens, Philips and IBM are also based inside Sweden while during the 1980's there was also a notable Finnish corporate offensive into Swedish sectors like electronics, mining and building materials.

The arrival of General Motors of America in November 1989 as joint owner with Saab-Scania of the newly formed Saab Automobile AB and Asea engineering group's marriage to the Swiss giant Brown-Boveri in the autumn of 1987 also helped to improve the level of foreign investment flowing into Sweden.

The decision in February by the Wallenberg industrial empire, to sell off the Alfa Laval company to the once Swedish but now Swiss-based Tetra Pak, also suggests the

country's leading corporate family is ready to relinquish control of some of their assets when necessary to protect their industrial core.

Despite some criticism inside Swedish industrial circles, the 'investment gap' has not so far received urgent attention.

Indeed, it often looks as though the Swedish government is more than a little ambiguous in its attitude to inward investment.

However, many of the pressing problems that used to worry potential foreign investors have been resolved during the past year. Earlier this year Sweden dropped plans to abandon nuclear energy as a cheap and unlimited source of power, allaying fears of rising production costs. Reform of the tax system has eased the tax burdens of foreign companies, while labour costs - soaring a year ago - are now falling.

Worker absenteeism has also dropped by 20 per cent and productivity is rising.

Above all, Sweden's application this summer to join the European Community, as well as the linking of the Krona to the European Currency Unit in May, suggests the old concept of Fortress Sweden has gone. Perhaps even more impor-

tant, the ruling Social Democrats have announced their intention to deal vigorously in future with the cartels, price fixing and regulation that have encouraged home-grown monopolies and discouraged foreign competition.

The government has also promised to change existing restrictive company laws, which prevent foreign companies from acquiring more than 40 per cent of the equity or 20 per cent of the votes of a Swedish enterprise without securing government permission.

It is true in practice the official go-ahead is not withheld but this remains a technical barrier and must discourage some companies.

Sweden too often forgets the vital role played by foreign investment, especially from Britain, Germany and France, in the making of their country's industrial revolution in

Sweden too often forgets the vital role of foreign investment

the 1890's and 1900's. The growing open internationalisation of the Swedish economy, in fact, marks a return of some of the outside influences that shaped its development at the end of the nineteenth century.

Today, however, there is an added attraction, as Sweden pulls itself out of its present recession over the next few years. The end of the Cold War and the moves inside the Soviet Union towards a market economy, particularly in the neighbouring Baltic states, will add to Sweden's strategic advantage for many foreign companies operating in a Scandinavian market of 22.5m affluent consumers. The Swedish investment gap seems unlikely to disappear in the 1990's but it could well grow much smaller.

US aims to lay blame on EC in grain row with Australia

By Nancy Dunne in Washington

THE US has its answer ready for the Australians visiting Washington this week to complain about American grain export subsidies to what Australia sees as its own markets: the fault lies with the European Community.

In its July Export Markets for US Grain and Products report, the US Agriculture Department (USDA) took note of "industry and government commentary" abroad which attributes the depressed condition of the world wheat markets to the US export subsidies. However, says the report, the fault lies with the "relatively large global exportable supplies and subsidised exports by the EC".

The consultations, to be held today, will deal with bilateral issues, the Uruguay Round of trade liberalisation talks under

the General Agreement on Tariffs and Trade and the international grains trade at "the working level" of officials. Mr Greg Woods, assistant secretary at the Australian Foreign Affairs and Trade Department, will head his country's team, and Mr Paul Dickerson, USDA general sales manager, will represent the US.

The USDA contention that the Community is to blame for what has become a bilateral subsidy war over wheat is not a new one. But Australian farmers, whose incomes have been dropping sharply, feel victimised by the fallout. They are particularly upset about recent US sales and allocations of subsidised wheat to Kuwait, Yemen and China.

Mr Barry Jenkins, spokesman for the US wheat growers, says, however: "We reject the

idea of spheres of influence. The Australians' big thing is that we're going into their traditional markets. But that's what competition is all about."

Mr Jenkins expressed sympathy for the grain farmers, but said USDA officials are bound to do the same. "But we won't shy away from markets because someone else has sold there in the past," he said.

"When our guys get displaced out of a market, we'll go somewhere else."

The USDA says EC wheat production is heading toward a record 90m tonnes this year. Because of both a government set-aside programme and poor weather, US output is falling by about a quarter this year to 55.3m tonnes. But the US will still have to explain why its subsidies have been allowed to reach record levels.

Kuwaitis water down Israel boycott

By Patrick Blum in London

KUWAIT no longer blacklists US and other companies that trade with Israel because of its urgent need for help with post-war reconstruction, the country's UN mission has said, AP-DJ reports from New York.

Although officials emphasised that Kuwait's primary boycott against trade with Israel remains in place, its easing of the blacklist undermines the solidarity of the Arab world's long boycott against Israel.

"During reconstruction, we have traded with companies that have made other agreements with the Israeli government," said Masoud al-Fahad, press officer of Kuwait's UN mission.

"We have made many agreements and bought a lot of equipment from a lot of companies which in the past were boycotted because of their trading with Israel," he said.

Caricom meets on aid share-out

Members of Caricom, the Caribbean regional economic grouping, are meeting in Barbados to begin talks on how to divide the \$108m (\$80.7m) allocated by the European Community for projects under the fourth Lomé trade agreement, according to the Caribbean News Agency, Reuters reports from Bridgetown.

The 15 Caribbean members of Caricom submitted proposals for projects, totalling about \$451m.

Caribbean Community secretary general Roderick Batford urged representatives at the two-day meeting to agree on a collective approach for using the regional project funds. The former 12-member Caricom and the EC earlier agreed to focus regional projects on trade, tourism, agriculture, fisheries, transportation and communications, as well as the environment.

New members the Dominican Republic and Haiti are among the 15 Caribbean members to benefit from the regional funds allocated by the EC under the Lomé pact signed in December 1989.

The addition of the two countries raises the Caribbean population involved in the sharing of the funds by more than 4m, to a total of about 10m.

Portugal gas deal goes to international group

By Patrick Blum in Lisbon

THE Portuguese government has selected an international consortium including Siemens of Germany and PowerGen of the UK to build and manage a new gas-fired power plant at Tapada do Outeiro, near Oporto.

The contract for the 900 MW plant foresees investments of above Esc800m (\$530m). The consortium in which Siemens and PowerGen each have a 10 per cent stake was chosen in preference to another consortium including GEC Alsthom, the Franco-British group.

The plant, due to start production in January 1996, will be Portugal's first private electricity utility.

Soviet press hails \$7m John Brown contract

By John Lloyd in Moscow

A DEAL between John Brown Engineering and a steel construction plant in Baku has been hailed in the Soviet press as an indication that Soviet plants are capable, on occasion, of meeting world standards.

The contract, worth \$7m (\$4.28m), was placed last month for steel piles for North Sea oil platforms for British Petroleum. Though the contract has been taken by John Brown, the deal was negotiated by BP while the company was bidding - ultimately unsuccessfully - for the exploitation of a site off Baku.

Pilsner beer to be canned

PILSENER, Czechoslovakia's world famous brewer which is pushing for better sales in the west, is introducing a novelty so far scorned in its home country - canned beer. Pilsner's deputy director Mr Jaroslav Pešer said yesterday that most of the canned beer would be exported, AP-DJ reports from Prague.

The lack of a canned variety has made Pilsner less competitive in attractive markets such as the US, Japan, the Middle East and the Canary Islands, where tradition apparently counts for less than convenience, the Prague daily Metro-politan said.

Pilsner plans to raise exports to western markets from 180,000 hectolitres last year to 280,000 hectolitres at doubled prices this year, said Pilsner director Mr Pavel Gregoric.

Mr Pešer said a new production line can fill 15,000 cans an hour at the brewery in Pilsen, Czechoslovakia's largest.

Japanese importers had already expressed interest for the new canned brew, Mr Pešer said, and Pilsner had established a trading company - Pilsner Urquell International - in Frankfurt, Germany, as part of a "resolute effort" to penetrate new markets.

SALE OF UNDERTAKING UNDER THE PROVISIONS OF THE GOVERNMENT'S PORTS ACT

To secure the future of its undertaking, The Tees and Hartlepool Port Authority ("the Authority") hereby gives notice that it proposes to take advantage of the provisions of the new Ports Act 1991 to transfer its undertaking into the private sector at the earliest opportunity. In accordance with the provisions of the Ports Act 1991, privatisation will be achieved by the transfer of the Authority's undertaking to a successor company, the shares in which will then be sold by a process of competitive bidding.

The Authority is prepared to consider financially competitive offers from parties who can satisfy the privatisation objectives which it has agreed with H M Government, as follows:

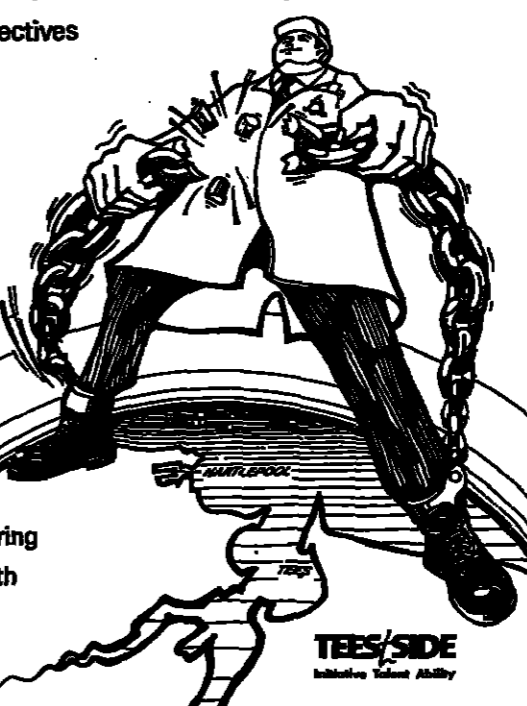
- to have particular regard to the desirability of encouraging the disposal to managers and staff of the whole or a substantial part of the equity share capital of its privatised undertaking
- to seek the best open market price consistent with its other objectives
- to ensure that after privatisation the undertaking should continue to operate in ways which are beneficial to the local economy, and in particular to ensure:
 - the maintenance of a viable competitive port operation
 - the maintenance of the port as a separate entity with day-to-day management and control located in Teesside
 - that proposals for the use of its undertaking's assets are for the development of the port business or for the promotion of developments which are locally beneficial

Interested parties should apply now for further information by registering their interest, in writing and no later than Tuesday 27 August 1991, with Norman Seddon or Simon Walker of the Authority's advisers, KPMG Peat Marwick McLintock, 1 The Embankment, Neville Street, Leeds LS1 4DW. Telefax 0532 313200. Principals only should apply.

Tees & Hartlepool Port Authority

KPMG Peat Marwick McLintock is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

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THE BCCI SHUTDOWN

WORLD ROUND-UP

Japanese bank suffers loss

THE Industrial Bank of Japan (IBJ), one of the country's leading banks, confirmed that it had lost a large sum of money as a result of the shut down of BCCI, David Lascelles writes.

The Tokyo-based bank would not detail the sum involved, but it is understood to be \$32m (£18.5m).

This would make IBJ one of the largest bank casualties of the BCCI closure.

IBJ is believed to have been in the process of completing a yen-dollar trade when the bank was closed on July 5. IBJ had paid out one side of the trade, but had not yet received the matching payment from BCCI.

Because of BCCI's reputation, few international banks permitted themselves to build up large net exposures to it.

The only other bank to have confirmed an exposure to BCCI was American Express Bank. It said its \$30m exposure was adequately offset.

Canadian court to hear petition

A MONTREAL court will today hear a Canadian government petition seeking the winding-up of BCCI subsidiary Bank of Credit and Commerce Canada (BCCC), Bernard Simon in Toronto writes.

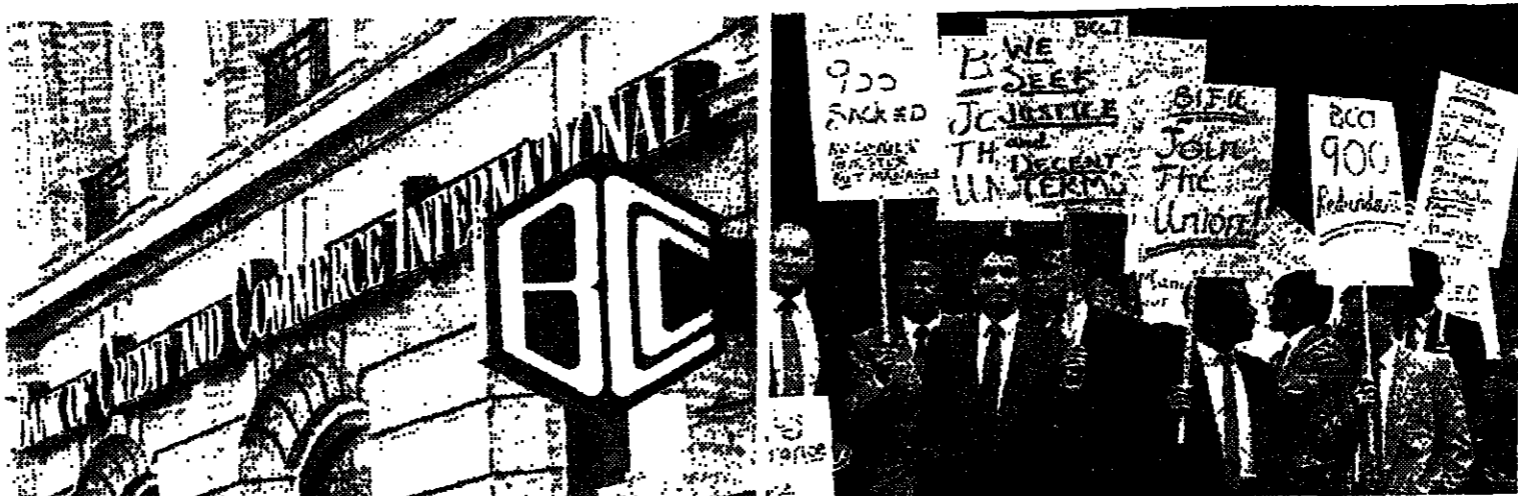
According to the petition, BCCC had deposit liabilities of C\$102.5m (£52.8m) on June 30 and liquid assets of C\$52.6m. The bank valued its loan portfolio at C\$145.1m at the end of June, but the superintendent of financial institutions has revised that figure to C\$121.3m since the bank was closed.

The government said that BCCC's loan portfolio "requires immediate attention to prevent further deterioration and to achieve maximum values." Non-performing assets stood at C\$69.4m on April 30, up from C\$14.2m in October 1989.

The petition says that net interest income from the bank's core activities has for more than two years been insufficient to cover non-interest expenses such as salaries and rent.

A picture that will take months to piece together

David Lascelles on the aftermath and issues of BCCI's shutdown



Forty days and forty nights in the wilderness: (clockwise) the shutters go down on BCCI; employees protest; Sheikh Zayed gives \$50m to avert a wind-up; MP Keith Vaz champions the depositors' cause and bank founder Agha Hasan Abedi refuses to answer charges in the US

Forty days have passed since the Bank of Credit and Commerce International was shut down in an unprecedented worldwide swoop. A torrent of information has emerged from court documents, official hearings, and employees and customers of the bank itself.

The complete picture will not emerge for several months until various public inquiries report back. However, the important issues at this point are:

● What is the scale and nature of the fraud?

BCCI was engaged in literally dozens of different types of fraud. The most serious was the fundamental fraud over its own capital. It lent large sums of money to its own shareholders to buy shares in itself and in subsidiaries. Price Waterhouse, the auditors, say that it never actually made any real profits in its 19-year existence. If so, its accumulated reserves are probably also fictitious. Consequently, BCCI may never have had any real capital at all, apart from the \$2.5m with which it was launched.

Another large fraud centred on the treasury where accounts were manipulated, the auditors say, to cover dealing losses of at least \$850m.

Both these central frauds obliged the bank to engage in other frauds, notably the creation of fictitious loans to disguise the bad loans, and the practice of taking in deposits without recording them so that they could be used to plug gaps in the balance sheet.

There were also frauds over tax evasion, bribery, money laundering and the clandestine acquisition of First American, the Washington-based bank that BCCI bought through nominees.

● What was BCCI really up to?

Was it a fundamentally corrupt bank, or was it sucked into massive fraud to cover up incompetence, as many employees are suggesting?

Although BCCI was a bank driven by the vision of its founder, Mr Agha Hasan Abedi, to create a Third World bank, and many of its employees shared this inspiration, evidence points strongly to the former theory of corruption. Investigators have found a complex web of fraudulent manipulation that was managed centrally from the highest level by Mr Abedi himself, and Mr Swaleh Naqvi, the chief executive.

There were separate sets of files and a unit the sole function of which was to manage and conceal the fraud. While much of the fraud undoubtedly resulted from bad lending - for example to the Gokal shipping group where exposures exceeded \$700m - there were many instances where BCCI appeared to be deliberately engaging in illegal activity. These included tax evasion, foreign exchange control evasion, corruption and the First American acquisition.

The central thrust of the bank also was to create the appearance of steady healthy growth, regardless of the reality.

● How did it get away with it for so long?

This is the hottest issue. BCCI was long known to be a highly questionable bank without a true home, yet the suggestion of fraud did not appear in any official documents until April last year, and it was only 15 months later that the bank was shut down. Many of the frauds required the collusion of BCCI's customers, shareholders and other banks, which makes it all the more astonishing that nothing came to light earlier.

However, apart from labelling one set of transactions involving the Cayman Islands as potentially "false

or deceitful". PW's reading of the problem for all of last year was of an incompetently managed bank which could be put right with new management and a large injection of capital. The regulators agreed.

In a curious reversal of roles, PW urged BCCI to set up an internal task force of senior executives to conduct an "objective review" of the bank's problems. Predictably, the task force agreed that there were problems, but minimised their importance, and concluded that the rest of the bank was in good shape.

It was only once PW had stumbled across Mr Naqvi's secret files of the fraud, and the new management uncovered evidence of unrecorded deposits at the end of last year, that the regulatory machine swung into action and launched the inquiry that led to the shut down.

What is BCCI's connection with the world of intelligence?

That the bank was used as a conduit for payments by intelligence agencies appears certain. It was also linked to the financing of arms exports to Asia and the Middle East. The CIA infiltrated BCCI in the early

1980s and used it as a source of information on the finances of terrorists, criminals, drug smugglers and other intelligence agencies. It even knew that BCCI was the illegal owner of First American, though it did not pass this particular piece of information on to the Federal Reserve Board.

What is not yet clear is whether BCCI played an active role in the intelligence underworld, or whether its contribution was the more passive one of purveyor of banking services to spies and crooks. However, this area could become a big political issue in the US and may create difficulties for President Bush because of allegations of a cover-up.

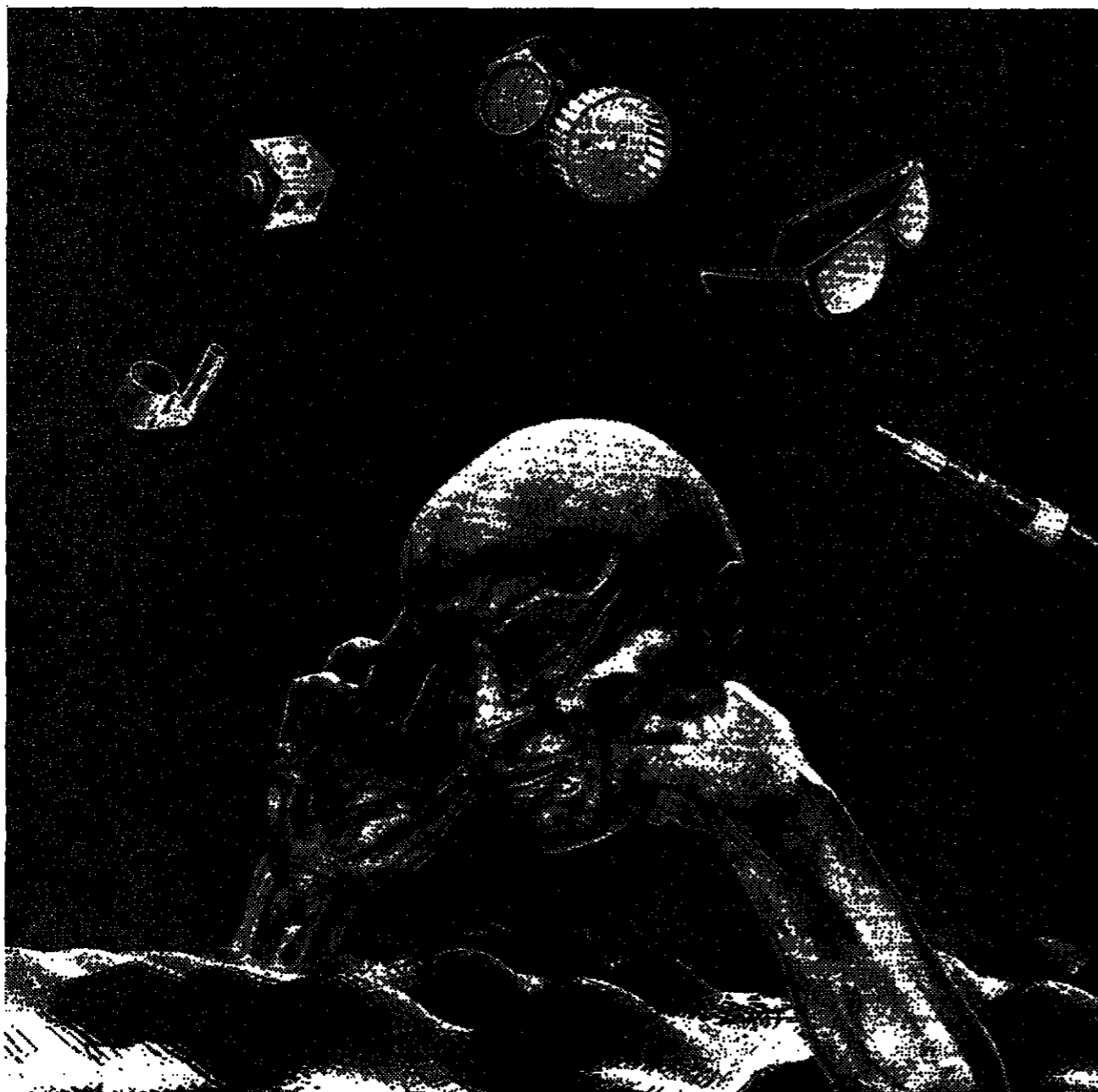
● What was Abu Dhabi's role?

Abu Dhabi, as a big shareholder, was one of the driving forces behind BCCI's growth, but there have also been suggestions that it knew of the frauds. This is an area where the biggest information gaps still exist - and may never be filled in because of the emirate's obsession with secrecy.

The evidence so far suggests that BCCI's Arab shareholders in Abu Dhabi and elsewhere were driven more by greed and naivety than by a intention to run a fraudulent bank. Many of them benefited from large loans and fees from the bank, and even outright gifts. But they do not appear to have been fully aware of the scale of fraud being perpetrated within the bank itself. The exceptions might be those people who allowed their names to be used as "fronts" for BCCI's illegal acquisition of First American, though they would have to understand the intricacies of American banking law to know the precise legal implications of this.

Can BCCI be rescued?

This looks unlikely. Although the losses still cannot be calculated, they must be enormous. Some will be offset from the sale of BCCI's few healthy businesses, and from the enforced divestiture of First American bank. However, the losses and the taint mean that a wholly new entity would have to be created with fresh capital from Abu Dhabi, which is unlikely to be forthcoming. BCCI is assured a long life as a news story, but as an entity it must be considered dead.



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Rise in suggested recovery

By Peter Marsh, ECO

AN UNEXPECTED output increase in the UK, revealed in figures released yesterday, supported the view that the country may have touched bottom. According to the Central Office (CSO), production rose by 0.2 per cent in June, the third consecutive month of growth.

Although the evidence suggests the figures are a temporary blip, the government's projections for the year and the City of London's outlook for the year are both positive. The CSO's production account for the quarter, up to a quarter of a year, shows a modest recovery this year.

The Treasury welcomed the latest data as a sign of underlying trends. It said the recovery in output, after a year-long recession, may be the start of a new era. But the Confederation of British Industries, the employers' organisation, said the figures could be a one-off and that further gains in output might still be in the offing.

On a quarter-on-quarter basis, which gives a better picture of underlying trends, production declined by 0.1 per cent in June, compared with a 1.3 per cent decline in the quarter of this year. The final three months of the year are crucial.

Price in economy

By Edward Balls

BRITAIN'S annual rate of inflation in producer prices fell to 5.5 per cent in July, the first since January, signalling the end of the inflationary period. Factory gate prices rose provisionally 5.5 per cent in July, up from 5.3 per cent in June. The Central Office (CSO) announced yesterday.

The June figure was up from a provisional 5.3 per cent. The output price rose to 133.8 in July, percentage points on the 1985 base.

City economists had expected a further fall in output price inflation, around 5.5 per cent, following four consecutive months of 6.3 per cent in March. The Treasury acknowledged that the latest figures were worse than they expected, but said that monthly changes in food, drink and tobacco prices were only erratic.

The index of manufacturing prices, excluding food, drink and tobacco, remained unchanged in July, compared to the previous month.

Water prices in the UK have risen three times faster than the European average in the past year, according to a report published yesterday. The European Commission surveyed only Italy, where water prices have risen by almost 20 per cent.

National Utility Services said the 15.2 per cent increase in water prices in July 1990 to July 1991 is "spring" and is nearly double the 5.6 per cent increase in the rate. It also said that big price increases could be expected.

It calls for a radical restructuring of the water industry with greater flexibility and more incentives for the customer.

Britain climbed from 10th to 11th place in the world table of water supply by the organisation.

Nuclear
By Juliet Sychrava

THE UK's four state-owned companies are to meet the energy secretary to discuss nuclear policy and to discuss the government's research, Mr John Gummer said yesterday.

Mr Gummer said the government is looking at the industry research itself, according to the department.

What we want to do is to make sure that the government is cutting it, but we believe we should be the government as a whole.

The challenge facing nuclear research is to be able to compete with the department and the government.

Commenting on the

UK NEWS

Rise in output suggests modest recovery in UK

By Peter Marsh, Economics Staff

AN UNEXPECTED rise in manufacturing output in June, revealed in figures released yesterday, supported indications that the UK recession may have touched bottom.

According to the Central Statistical Office (CSO), factory production rose by 0.5 per cent in June. The trend over the previous months points to a flattening in the rate of decline, after the sharp fall in output around the end of last year.

Although the evidence is imperfect, the figures back up projections by the government and the City of London that total UK output, of which factory production accounts for just under a quarter, is likely to show a modest recovery later this year.

The Treasury welcomed the latest data as providing fresh evidence that the worst of the year-long recession might be over. But the Confederation of British Industry, the UK employers' organisation, said the June figure could be a distortion and that further reductions in output might show up in July and August.

On a quarter-on-quarter basis, which gives a better idea of underlying trends, factory production declined by 0.5 per cent in the three months to June. That compares with a fall of 1.3 per cent between the first quarter of this year and the final three months of 1990.

Price increase mars economic optimism

By Edward Balls

BRITAIN'S annual rate of inflation in producer prices rose in July, the first rise since January 1989, suggesting the fall in underlying inflation remains sluggish.

Factory gate prices rose by a provisional 5.9 per cent in the year to July, up from 5.8 per cent in June, the Central Statistical Office (CSO) announced yesterday.

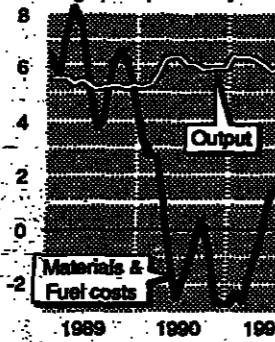
The June figure was revised up from a provisional 5.7 per cent. The consumer price index rose to 15.3 in July, up 0.4 percentage points on the previous month.

City economists had been expecting a further fall in the output price inflation to around 5.5 per cent, following four consecutive monthly falls in the annual rate from a peak of 6.3 per cent in March. The Treasury acknowledged that the latest figures were worse than they expected but cautioned that monthly movements in food, drink and tobacco prices were notoriously erratic.

The index of manufacturing output prices excluding volatile food, drink and tobacco prices remained unchanged in July, compared to the previous

UK producer prices

% change over previous year



month, at an annual rate of 5.2 per cent.

The Treasury said that producer price inflation remained firmly on a downward trend and expressed confidence in its budget forecast of a fall in output price inflation to 4% per cent in the final quarter of this year.

Mr David Walton, an economist at Goldman Sachs, described the news as "disappointing", but said that the evidence supported the Treasury view that underlying inflationary pressures were easing.

Thames TV outbid in quest for new licence

By Raymond Snoddy

THAMES Television, the largest company in Britain's Independent Television (ITV) network, has been outbid by both its rivals in the competitive tender for new 10-year broadcasting licences.

Unless the Independent Television Commission (ITC) decides there are exceptional circumstances, the London company, famous for its drama programmes, will lose its franchise.

Mr Michael Green, Thames Television's managing director, said the company had made the highest bid for the London weekday franchise.

Mr Green declined to comment last night but it is believed the Carlton bid is in the £45m to £46m range at 1993 prices.

CPV-TV, the consortium which links Mr Richard Branson's Virgin Group and the broadcaster Mr David Frost have bid between £45m and £46m.

Thames, which contributes one third of the programmes shown on the national ITV network, more than 400 hours a year, has bid less than £40m.

If Thames, now controlled by Thorn EMI, loses its broadcasting licence it could face a difficult future.

The company would survive as a large independent producer but Mr Richard Dunn, Thames chief executive, has said in the past that if the company lost its licence around half its turnover would go with it. There would also be large scale redundancies.

Thames is an integrated production company with six studios and more than 1,300 staff. Apart from local news Carlton will commission most of its programmes from independent producers and is likely to employ directly only about 400 people.

The secret bids were submitted to the ITC in May and a decision has been given to the winners of the 16 licences before the end of October.

Under the ITC procedure all applicants have to pass a quality threshold before the size of the bids are considered. This covers both the quality of the programme ideas and the viability of the business plans submitted.

The franchise is then awarded to the highest bidder among qualifying applicants unless there are "exceptional circumstances", a concept that has not been defined by the ITC or in the 1990 Broadcasting Act.

There is a consensus in the broadcasting industry that the Carlton bid is good enough to get over the quality threshold. Thames Television's main chance of survival will now depend on whether there are exceptional circumstances.

Mr George Russell, the ITC chairman, has made it clear that he wants to maintain a considerable degree of continuity to protect programme standards.

Meanwhile, the group suggests, the UK could save money by rethinking the timing of the European fast reactor research programme, to which it contributes around £12m a year through the department and £10m through the industry.

The programme, which is aimed at building a reactor from 1997, should be put back a few years, the group argues. However, Mr Collier acknowledged, the group would ultimately be asking for more money. One problem with the fast reactors is their high capital costs.

A new reactor could cost up to 20 per cent more than Sizewell B, the pressurised water reactor being built by Nuclear Electric on the east coast of England at a cost of more than £2bn.

However, electricity from such a reactor would cost roughly the same "plus



Tax with razzamatazz: Francis Maude (above) hopes tax inspectors will be fair, efficient, helpful and accountable

Derision greets 'utopian' tax charter

By David Waller and Ralph Atkins

THE BRITISH government yesterday unveiled a charter to make the Inland Revenue appear helpful and friendly - based largely on measures first launched five years ago - to a chorus of derision from opposition MPs.

The Treasury's objectives were also criticised as hopelessly utopian by the Inland Revenue Staff Federation, the union which represents 55,000 Inland Revenue staff.

The opposition Labour party branded the initiative as "an insult" to taxpayers.

The charter, launched amid media razzamatazz by Mr Francis Maude, financial secretary to the Treasury, promised that tax inspectors will be fair, efficient, helpful and accountable, so long as taxpayers are honest, provide accurate information, and pay their tax on time.

It marked a further extension of the Citizen's Charter, launched last month by Mr John Major, the prime minister, to improve the quality of public services.

The taxpayers charter will also be adopted by Customs and Excise, another organisation which has been accused of being "user-unfriendly".

Ms Joyce Quin, a trade spokesman for the opposition Labour party, said: "No-one will be impressed by the recycling of a five-year-old leaflet which the government is treating as a new element in the Citizen's Charter. Indeed, many people will consider it an insult to the average taxpayer."

Mr Alex Carlisle, trade and industry spokesman for the centrist Liberal Democrats, said the similarly with the document published five years ago, "reveals the government's empty rhetoric. Its failure to deliver past promises will not fill any taxpayer with confidence."

Mr Jim McAuslan, deputy general secretary of IBSP, was not overwhelmed by the charter's originality. "We welcomed the original charter when it was launched in 1986," he said. "This new version is not that much different."

Staff in tax offices want to help the public as much as they can, he added, "but they are hampered by problems with the way their work is organised."

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Councils and British Rail fail the consumer test

By Tim Lawrence

LOCAL AUTHORITIES and British Rail generate more complaints than any other daily service, according to a survey published today.

The report, published by the National Consumer Council and based on an opinion poll, found that only two in five people were satisfied with the services provided by their council.

A higher level of satisfaction was recorded by local authorities in Scotland.

Most public utilities were found to maintain high customer satisfaction, although criticisms of British Rail increased.

Nearly one in three of BR's customers found services unsatisfactory, with complaints particularly prevalent in the south

of England. However, gas and electricity utilities both received an 85 per cent satisfaction rating, as did coach companies.

Criticism of water companies, the telephone service and Post Offices was more widespread, with dissatisfaction rising, although all three scored over 70 per cent in the satisfaction ratings.

While those questioned were generally unhappy with their local authorities, they discriminated clearly between individual council services. Refuse collection was a chief area of satisfaction, with eight out of ten saying they were satisfied. The chief source of discontent was road maintenance, with only 30 per cent happy.

BRITAIN IN BRIEF

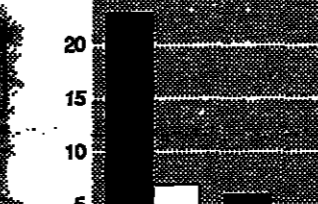


Teaching vacancies remain high

The number of unfilled teacher vacancies in England fell last year, but shortages in key subjects remain acute, especially in London, according to figures released by the government.

Unfilled vacancies in January stood at 5,900 (1.5 per cent of all posts), down from 6,500 (1.8 per cent) in 1990. Despite the recession, the vacancy rate is as high as in 1989 and higher than in 1988.

Long-term* unemployed: 1988



*More than one year. Source: House of Lords EC Committee.

British youth 'ill-equipped for EC'

Young people in the European Community are inadequately equipped to take advantage of the Single Market, a House of Lords committee has reported. The report, written by Lord Alton, says that young people in the EC, highlights high levels of youth unemployment across Europe (see chart above). Although Britain compares favourably in 1988, the Lords is concerned at the "very low perception" of European opportunities among young people. The Lords emphasises the need to change British attitudes to learning modern languages, and for Britain's 16- to 18-year-olds to remain in education or receive vocational training. It recommends better co-ordination of youth policies between government departments, perhaps through a single minister with responsibility for youth matters.

Young People in the European Community, House of Lords EC Committee, HMSO, £9.50

Schools need urgent repairs

School buildings in England and Wales are in a poor condition, and increased funding and better management are needed to put them right, the National Audit Office has said.

The NAO, the body which scrutinises public spending for the House of Commons, says that more than one-third of primary schools, and a quarter of secondary schools, need repairs or modernisation. Cost of essential work is estimated at £2bn in 1987 prices.

Brokers fail to follow rules

James Capel, the broking firm, has been fined £20,000 for failing to report transactions in accordance with the rules of the Securities and Futures Authority, which regulates the UK securities industry.

Input errors by James Capel in reporting a series of international equity trades over a period of 18 months caused the Stock Exchange checking system to reject the reports.

Inmos cuts 300 from workforce

Inmos, the UK-based semiconductor company, is cutting its workforce by 300, nearly a third, in the face of financial losses and poor market conditions. Inmos, best known for its transputer, or computer on a chip, is owned by SGS-Thomson, the Italian-French computer company which bought it from Thorn EMI of the UK in 1989.

Air passengers fall sharply

BAA, the airports operator, said it had revised its predictions for passenger growth this year from 5 per cent to 1.5 per cent.

The company, which operates Heathrow, Gatwick, Stansted and five regional airports, said the market was not picking up as quickly as expected.

BAA said the number of airline passengers using its airports had fallen sharply last month with domestic flights the worst hit.

Labour activists begin campaign

Labour party activists have launched a defence campaign for Terry Fields and Dave Nellist, the MPs threatened with disciplinary action by the party's leadership because of alleged links with the extremist Militant Tendency.

Constituency supporters in Liverpool Broadgreen and Coventry south east are calling for the possible expulsion of the two MPs to be debated at Labour's conference in October.

Warning on beach safety

The government is giving a clean bill of health to many of Britain's most popular beaches even though they are contaminated by harmful viruses, says the Consumers' Association. It says that it has detected bacteria and viruses - which can cause sore throats and stomach upsets - in the sea off 14 of the 15 beaches tested.

LSE plans expansion

The London School of Economics has made a formal planning application to occupy County Hall, home of the Greater London Council until abolition in 1986. The application precedes any leasing agreement with the London Residuary Body, the current owner of the site on the south bank of the Thames.

UK water costs more than European average

By John Hunt, Environment Correspondent

WATER prices in the UK have risen three times faster than the European average in the past year, according to a report published yesterday.

Of the European countries surveyed only Italy experienced a higher increase in water prices than Britain, soaring by almost 20 per cent.

National Utility Services says that the 15.3 per cent British average increase from July 1989 to July 1991 is "three times the 4.8 per cent domestic inflation rate. It also predicts that big price increases will continue.

It calls for a radical review of the pricing structure of the water industry with greater flexibility and more income for the customer.

Britain climbed from ninth to sixth place in the international table of water costs compiled by the organisation



Byatt: critical

which provides an energy, water and telecommunications cost control analysis for 750,000 businesses worldwide. The UK average price is 48.14 pence per cubic meter.

Australia still tops the

league table for expensive water, at 57.78 pence per cubic meter despite a modest 4.3 per cent increase in water prices over the past year, against a 4.5 per cent inflation rate.

The prices have been driven up by several years of bad drought but the recession has forced the government to keep price increases at a minimum over the past year.

West Germany is the second most expensive at 72.39 pence, although prices rose by only 3.1 per cent in line with 3 per cent inflation. Figures are only compiled for the western half of united Germany where prices are expected to remain stable. But big price rises are expected in east Germany to bring water supply up to western standards.

In Italy, third from the top of the table at 70.42 pence, a 19.6 per cent price rise over the past year, was nearly three

times the 6.6 per cent inflation rate.

This follows a 19.8 per cent increase the previous year when municipalities were allowed to recover the full cost of water and sewage systems.

"The future for Italian consumers continues to look dismal with the possibility of further massive rises next year," says the report.

In France, water prices rose 5.3 per cent compared with inflation of 3.3 per cent.

The figures for the United States showed a water price rise of just over 15 per cent: three times the 5 per cent rate of inflation. However, the rise was heavily distorted by big increases at Los Angeles and Newark.

The survey comes at a time when UK water industry prices have been strongly criticised. Mr Ian Byatt, director-general of Water Services,

accused water companies of charging for "non-existent" improvements when they failed to spend nearly £56m of the money scheduled for capital investment.

Last month he announced a review of the price limits covering the privatised water companies and warned that they could be paying too much in dividends.

Mr Andrew Johns, sales and marketing director of NUS, said a revision of the pricing structure was necessary to allow customers, particularly the large industrial consumers, to get cheaper water at off-peak periods. But the report estimates that even a tariff restructuring will not prevent further maximum annual increases in water prices in the UK because of shareholders' expectations of higher profits and EC demands for improved standards.

The threat of closure, because of geological problems, comes three weeks after the shutdown of Dawdon colliery at neighbouring Seaham with the loss of 576 jobs.

Mr Brian Wright, British Coal's new regional director, told union representatives that geological difficulties had caused losses of £3.7m in four months.

Nuclear companies to challenge government on research

By Juliet Sydnora

THE UK's four state-owned nuclear companies are to meet Mr John Wakeham, the energy secretary, to press the government to clarify its long-term nuclear policy and to spend more on research, Mr John Collier, chairman of Nuclear Electric, said yesterday.

Mr Collier said the industry is stymied by the government's lack of direction. But the industry must fund this research itself, according to the Mr Wakeham's department.

"What we want to know is, how much money can we spend, and if the government is cutting its spending, but we believe we should spend more: will the government as a shareholder allow that?"

The challenge follows reports on nuclear research published on Monday by the department and the industry.

Commenting on the government's

commitment to nuclear research, Mr Collier said yesterday: "They have shrunk it and shrunk it and shrunk it." It was impossible for the industry to make decisions because the government had no clear nuclear policy, he said.

In particular, the industry will press the government to rethink its decision to cut spending on fast reactor research after 1994, excluding its contribution to the European research programme.

The Nuclear Utilities Chairman's Group was set up in May to represent the four state-owned nuclear companies in the UK: Nuclear Electric, Scottish Nuclear, British Nuclear Fuels Ltd, and the Atomic Energy Authority.

Over the next weeks it will submit a strategy for fast reactor research to the Department proposing extending the life of the prototype fast reactor at Dounreay, Scotland. This will prolong

cashflow from the reactor. Meanwhile, the group suggests, the UK could save money by rethinking the timing of the European fast reactor research programme, to which it contributes around £12m a year through the department and £10m through the industry.

The programme, which is aimed at building a reactor from 1997, should be put back a few years, the group argues. However, Mr Collier acknowledged, the group would ultimately be asking for more money. One problem with the fast reactors is their high capital costs.

A new reactor could cost up to 20 per cent more than Sizewell B, the pressurised water reactor being built by Nuclear Electric on the east coast of England at a cost of more than £2bn.

However, electricity from such a reactor would cost roughly the same "plus

or minus 20 per cent," as electricity from Sizewell B, Mr Collier said.

"We will have to do some arm-twisting," acknowledged Mr Collier. "But our case is very strong."

In the future, he said, the nuclear industry could be the UK's only secure and environmentally sound source of domestic energy.

Mrurion Colliery in County Durham may close with the loss of 900 jobs in north east England, British Coal said yesterday.

LETTERS

New markets in jeopardy

From Mr R Bailey.
Sir, My company is endeavouring to export brewing, bottling and canning equipment to the liberalised eastern European countries. We are unable to offer a financial support package primarily because the Export Credits Guarantee Department will not offer cover to the UK. Britain has spent the last 45 years attempting to defeat communism and a great deal of money in the process. Can we not take commercial advantage of our amazing success to benefit the beleaguered UK economy? The demand is present, our will is strong, but the finance is absent. A policy is urgently needed and the political advantage to be gained is unquestionable. R Bailey, director, Central Bottling International, Plumtree Farm Industrial Estate, Birtcote, Doncaster, S Yorks DN11 8EW

A yardstick that stifles business

From Lisa Wolff.
Sir, As the proprietor of a small business I have followed press coverage of the "big banks versus small business" issue. Charles Batchelor's article, "An ill wind for the entrepreneur", (August 12) confirms my own feelings from current negotiations with all four main clearing banks. These are that banks are probably unjustly blaming small businesses for their own failings; there may be no official cartel, but their responses are so alike as to suggest there must be some collusion. However, the real problem is that they no longer evaluate a proposal on its own merits, but

Criticism of bids for TV franchises 'unfounded'

From Mr Philip Carse.
Sir, There has recently been criticism of the size of bids reportedly made by several of the TV companies hoping to retain their franchises. Your article, "TV franchises face harsh criticism", (August 12), for example, reports that James Capel considers many of the revenue forecasts used by bidders to be over-optimistic, while Phillips and Drew argues that most Channel 3 companies will be unprofitable in 1993. As adviser to eight bidders, NERA believes there are several good reasons why these criticisms are unfounded. First, historic evidence suggests that the market should experience significant real growth during the franchise period. Economic growth will have a positive effect on the demand for advertising, while the growth of new channels such as cable and satellite channels and Channel 5 will provide opportunities for new advertisers and will offer

The reality of BCCI and the real victims

From D Sebbel.
Sir, Mr H.B. Khokhar in his letter (August 7) accuses the western media of vindictiveness and racism in its treatment of BCCI, but ignores the facts that have established beyond reasonable doubt that BCCI was indulging in unsavoury activities and was guilty of practices unworthy of a "respectable" bank. There are a number of well-established Asian banks which have had offices in the City of London for many years. Some banks from Hong Kong, India, Malaysia, Singapore, and the Middle East have traded in Britain and Europe for nearly a century and have been held in great esteem in the City. Even these prudent and well-managed Third World banks have seen their reputation and credibility questioned by some large depositors in view of the BCCI affair. This must be regretted; all are sound financial institutions equal to, if not better than, any western bank. We all saw the plush BCCI offices occupying some of the most expensive prime sites in London and elsewhere, with a large number of highly-paid staff. But we never saw any customers there. Mr Khokhar overstates his case when he says that BCCI was a victim of international politics. The real victims are the ordinary depositors and the many small businesses run by people from the subcontinent who put their faith in BCCI, which skillfully applied the Robin Hood principle in reverse by robbing these small depositors to line the pockets of the unscrupulous few. D Sebbel, Reform Club, Pall Mall, London

Nigeria's Gulf windfall and the projects that it has funded

From G Dove-Edwin.
Sir, I refer to the recent expansion of the FT's correspondence in Nigeria. Mr William Keeling, May I be allowed to set out my government's case? Mr Keeling related that Nigeria had derived a windfall of \$5bn as a result of events in the Gulf, and that some three-fifths of this did not appear in central bank figures. More than half the windfall was thought to have been spent already, in particular on the joint peace-keeping operations in Liberia; the savings of the year's Organisation of African Unity summit in our new capital under construction, Abuja; and construction of an aluminium smelter plant likely to cost between 80 per cent and 100 per cent more than if built elsewhere. In fact, Nigeria's Gulf windfall was \$2.1bn, unusually high for a country of its size, but it was not to be quite short-lived. This unexpected revenue was placed in a special account created in September 1990 (the Foreign Currency Stabilisation Fund). The first draw-down from this fund took place in April, when a debt service payment of \$500m was made. No other drawing has taken place. The Liberian operations are not a Nigerian undertaking. The monitoring observer group (ECOMOG) was created by the Economic Community of West African States (ECOWAS). Costs, borne by Community members, are in any case low. Nigeria's share is absorbed within the normal defence budget. The only expenditure in foreign currency relates to the allowances for out-of-station duties paid to the Nigerian unit. Surely, this amount comes to nowhere near the estimate of \$250m-\$500m given in Mr Keeling's reports. As to the OAU summit, capital projects seemingly undertaken for the meeting are of the type which a nation's capital-building would require sooner rather than later. The example of stretched Mercedes Benz limousines for the 50 heads of government trivialises the importance of the permanent addition to the stock of houses and airport facilities. The charge that the aluminium smelter project is "60 to 100 per cent above the costs of similar projects elsewhere in the world" is incorrect. World Bank experts advised my government that the fixed price of DM2.4bn for the project was excessive by 12 per cent. The contractors felt unable to reduce the agreed price to that extent because of the nature of the project site. The World Bank also feared that the declining value of the dollar vis-à-vis the D-Mark could over the 54-month implementation period increase costs by 30 per cent. Taking these factors into account, the cost of the project is about the same as for similar projects in Bahrain, Canada, Dubai and Indonesia. Projects of this kind, drawing on our natural resources, are intended to diversify our export base as well to provide opportunities for downstream processing, technology training and employment. The aluminium smelter which will utilise our large reserve of gas energy, is one such project. Contrary to what you say in your otherwise reasoned editorial of July 10, my government has no intention of controlling "legitimate and public analysis of the state of the country's financial and infrastructure projects". Mr Keeling failed to seek and reflect my government's view, making the articles appear one-sided, not to say inaccurate, as the facts in this letter show. G Dove-Edwin, High Commissioner for Nigeria, 9 Newmarket Avenue, London WC2

Shahpour Bakhtiar's murder is a reminder that the west should judge Middle East governments by their deeds, not intentions

Edwards Mortimer
death of Khomeini and the accession of the "pragmatic" or "moderate" President Hashemi Rafsanjani to power. Not so. In fact it was immediately after those events, in July 1989, that one of the nastiest assassinations took place: that of the Kurdish leader Mr Abderrahman Ghassemlou, carried out in Vienna by a group of emissaries from the Iranian government with whom he had agreed to negotiate. Mr Bakhtiar's murder bears some resemblance to that crime. The prime suspects are a group of three people who visited him on Tuesday of last week. One was a longstanding member of his circle. The other two, introduced by the first, were new arrivals from Tehran. The murder of Mr Bakhtiar and his secretary, Mr Pouroush Katibeh, was carried out with two kitchen knives, which investigators believe the assassins must have found on the premises: they had been searched on their way in. Incredibly, the bodies were not discovered until 36 hours later, although there was a police guard outside the house throughout that time. In 1980, when the last attempt on Mr Bakhtiar's life occurred, he and his supporters could have seemed a real danger to a revolutionary regime that was still struggling to impose itself on a country riven by anarchy and chaos. That is hardly the case today. Mr Bakhtiar himself, now in his late 70s, had accepted that the regime was getting stronger and that he would not live to see its downfall. It is very hard to see what benefit Mr Rafsanjani could expect from such a murder. Suspicion therefore naturally falls, for this crime as for the brief kidnapping of Mr Leyland, on his hardline opponents, who may have hoped to disrupt both the solution of the hostage issue in Lebanon and the rapprochement between Iran and France, whose president is due to visit Tehran soon. That may be. But Mr Rafsanjani, like Syria's President Hafez al-Assad and his Lebanese protégés, still has to take responsibility. The west should judge his regime not by its intentions but by its results. If he can indeed bring the kidnappers and assassins to heel, and preferably to justice, then his country will be one with which the west can confidently do business. If not, not.

FOREIGN AFFAIRS

Anyone who worries that European integration is producing a tediously uniform political culture should compare the way British and French media reacted to the events of last week, especially last Thursday. In France, where I happened to be, the big news of the day was the murder of Mr Shahpour Bakhtiar, the former Iranian prime minister, at his home outside Paris - until the news came through, in the evening, that a French aid worker, Mr Jerome Leyraud, had been kidnapped in Beirut. Mr John McCarthy's release was hardly more than background noise. In Britain, of course, it was the other way round, with Mr McCarthy the hero of the drama to the virtual exclusion of everything else, except for speculation that Mr Terry White might soon be freed as well. That the French took more interest in the British in Mr Bakhtiar's case was quite natural. Apart from the fact that his murder happened in France, and raised some quite serious questions about French security, he was himself a very French figure - more French than Iranian, many would say. Certainly he was the only person I ever heard refer to the late Ayatollah Khomeini, even when speaking English in a BBC radio interview, as "Monsieur Khomeini". Mr Bakhtiar went to school and university in France, and fought in the French army in 1940. He married a French woman and his son Guy is a French police officer - assigned for the past 10 years to protect his father; an unusual arrangement, and in the end tragically unsuccessful. Mr Bakhtiar will be mainly remembered as "the Shah's last prime minister" - perhaps unfairly, since his opposition to the Shah had earned him several terms in prison and vicious maltreatment, including a broken arm. He has also been called the Karamsky of the Iranian revolution, which is nearer the mark. Like Karamsky he tried to avert the replacement of one dictator by an even worse one, with a courage born mainly of

Bakhtiar gave Iran, for about a fortnight, its only experience in recent times of real freedom of expression

were going. Clutching at the only mildly encouraging observation he could think of, Sir Anthony remarked that the people had celebrated the Shah's departure in a spirit of joy rather than anger. "Of course," replied Mr Bakhtiar, "they'd read my government programme." It is easy to laugh at such self-delusion. But at least Mr Bakhtiar stuck to his principles, at a time when almost everyone else - including many who had been staunch anticlericals before, and would later become victims of Khomeini's theocracy - was bowing to the Islamic tide. I remember attending his last press conference as prime minister and thinking that in the circumstances he was bound to begin with a verse from the Qu'ran, or at least with the ritual "Bismillah ar-Rahman ar-Rahim" (In the name of God, the Compassionate, the Merciful). Not a bit of it. He began with a quotation from Leon Blum, the French socialist

IN THE WORLD OF BUSINESS IT'S GOOD TO KNOW WHO YOUR FRIENDS ARE.

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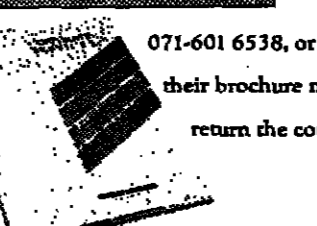
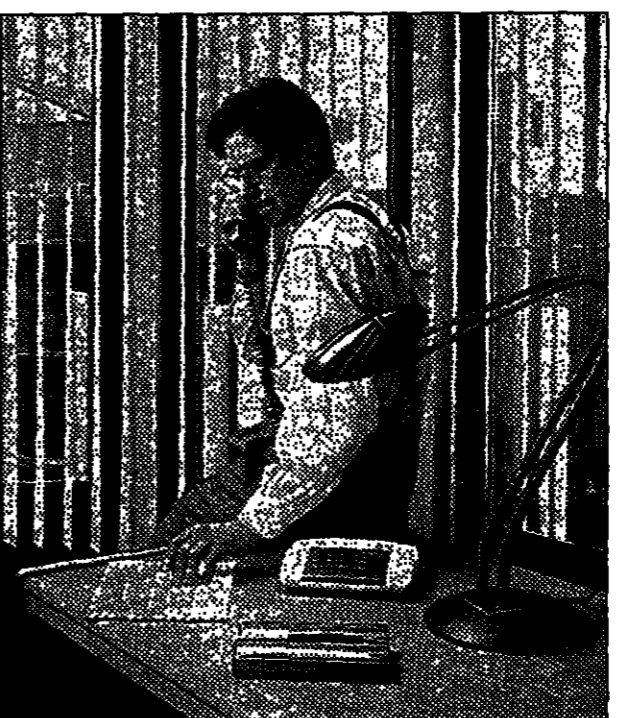
PERSONAL VIEW

Stock spread-bidding: a wave of the future

By William Bishop

The London International Stock Exchange needs to be re-regulated. Spread-bidding, the heavily-traded stock market's most heavily-traded stock, is being used to make a market in each. They would not bid sums of money; if they did, they would be impelled to widen spreads even more and exacerbate the problem. Instead, they would bid the spread at which they would be willing to make markets. In each stock the firm bidding the lowest spread would win. Then the winning firm would make the market - for a year or six months, or whatever time is set - and hope to profit on the spread. This system would produce efficient market-making by one firm only in each stock, but market-making at approximately the true competitive price. No regulatory system is perfect, and this one is no exception. Economists will note that a spread-bidding system does not produce exactly what a competitive market produces - pricing at marginal cost, in a competitive market, true prices vary all the time. Different discounts, different delivery conditions and other factors apply to different transactions. In the spread-bidding system, the price, that is, the spread, is fixed for the term of the franchise. In competitive stock markets, spreads vary frequently. In a slump, spreads widen because fixed costs must be covered by fewer transactions. And at times of high uncertainty - for example, rumours of insolvency at a company or the market crash of 1987 - spreads widen, occasionally almost to infinity. Under a franchise system, the stock exchange would have to police firms' performance on their promises about spreads. If the market were to turn sharply down or up, re-bids could be undertaken. Better still, the market-making franchise period could be relatively short so that exposure was limited. Specialists in the economics of regulation have studied closely systems of competition for a market. A theoretical objection to them is that bidders have an incentive to promise the earth and then to re-negotiate terms after rivals have gone away. This is the "TV-AM effect", after the broadcaster that got its franchise by promising a "million to explain" and made its profits by providing Roland Rat. In stock market-making, the TV-AM effect would not be a problem. Firms would naturally make markets in several stocks. They would hold a portfolio of market-making operations having different terminal dates. The stock exchange as regulator could monitor a firm's performance on several contracts: their reputation with the regulator would discipline firms. This is what has happened in American cable television, contrary to the critics' predictions. Franchises came to be held by big companies operating nationwide with a portfolio of cable interests. With a reputa-

tion to protect, they honoured their contracts. Water regulation in France is carried on in the same manner, with companies with portfolios of contracts constantly bidding against one another. The designers of UK water regulation read the US theoretical literature, but failed to see that the French market had, in practice, solved the problem of the TV-AM effect. There may be a natural oligopoly even in heavily-traded stocks and gifts. Information is the lifeblood of market-making. The market-maker needs a good cross-section of buy and sell orders, and the chat and gossip they go with them, to do his job effectively. Even in gifts there are probably only four or five real market-makers today. In a thin market, the problem is much more extreme; there is probably room for only one market-maker in each lightly-traded stock. This is a time of crisis and transition for the London stock exchange. Barely five years ago, Big Bang heralded a new, reformed system. This time round, what is needed is hard thinking about the best regulatory regime, or else in another year or two the market will be back to where it began. This time the stock exchange, the Department of Trade and Industry and the Office of Fair Trading should take the time and trouble to get the regulatory analysis right and give London a regime that lasts. The author is a director of Lexecon, consultant economists with offices in London and Chicago.



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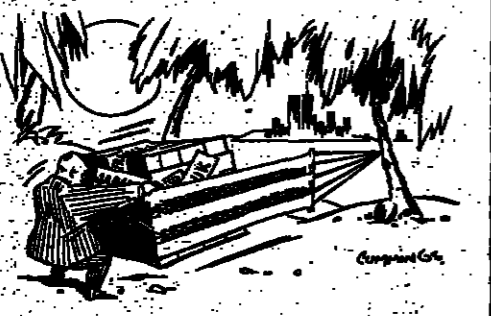
INSIDE

J.C. Penney drops 62% in quarter

J.C. Penney, the fourth biggest US retailer, yesterday unveiled a 62.8 per cent drop in second-quarter net income of \$31m on a 3.5 per cent decline in retail sales to \$3.4bn (\$2bn).

Gulf shakes up airline industry
The Gulf crisis, which has thrown the US airline industry into heavy losses, has sharply accelerated the pace of airline consolidation. The rate of change this year has been so great that it could have left people outside the industry confused about who now owns what. Nikita Tait explains the shake-up. Page 14

Footholds in the Caribbean



European and Japanese companies seeking easy access to markets in the United States have found Puerto Rico, a US Caribbean possession, an ideal, strategic location establishing a foothold in the US. William Duffice looks at the increase in foreign investment on the island. Page 15

Taking vegetables seriously

After years of quiet expansion, Argentina's fruit and vegetable sector is now being taken seriously. Once overshadowed by wheat, soybeans and beef, fruit and vegetable growers are meeting high demand in Europe and North America for exotic, fresh, off-season produce. Page 20

Expamet profits fall 68%

Expamet, the UK building products and security group, yesterday reported a 68 per cent fall in pre-tax profits after an atrocious first quarter hit by recession and the Gulf war. Pre-tax profits in the six months to June fell from £12.2m to £2.5m (\$4.2m) on sales down 11 per cent at £78m. Page 18

English banking in Rome

The prestige of foreign merchant banks in Italy has risen following the Treasury's decision to pick SG Warburg and Kleinwort Benson to value two of the country's biggest state-owned financial institutions. Experts in British privatisation programmes by the UK merchant banks played a part in the Treasury's choice. Page 16

Hungarian smelters to close

Hungary is closing its three state-owned aluminium smelters over the next two to three years, eliminating about 42,000 tonnes of exports to the west and total annual capacity of 75,000 tonnes. Page 20

US accepts Brazilian beef

The US has re-opened its markets to Brazilian beef in recognition of substantial improvements in the country's testing laboratories. Page 20

Korea tops the list

South Korea, followed by Pakistan and Chile, displayed the best performances of the world's emerging stock markets last month. Back Page

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Chief price changes yesterday

FRANKFURT (DM)		PARIS (FF)	
Adi Mun (Reg)	885 + 21	Adi Mun (Reg)	894 + 14
BWV (B)	532 + 9	BWV (B)	532 + 17
Chimie Benz	751 + 8	Chimie Benz	750 + 22
Hochtief	1325 + 25	Hochtief	518 + 10
Linde	790 + 8	Linde	711 + 12
Salz	900 - 10	Salz	744 + 20
NEW YORK (\$)		TOKYO (Yen)	
Alcoa	42 1/2 + 1/4	Alcoa	800 + 45
First Ind	35 1/2 + 1/4	First Ind	1340 + 110
Stac Pacific	70 1/2 + 1/4	Stac Pacific	1250 + 120
Walt Paps	70 1/2 + 1/4	Walt Paps	405 + 35
Procter	10 1/2 + 1/4	Procter	553 + 15
Country Co	10 1/2 + 1/4	Country Co	585 + 55

New York prices at 12:30pm

LONDON (Pence)

Alcoa	670 + 74	Scottish TV	485 + 20
Alcoa	458 + 18	Usher Walker	200 + 18
Brown (P)	458 + 18	Julien	130 + 12
Glaxo	1306 + 10	Pharm	152 + 11
Glaxo	60 1/2 + 3 1/4	Pharm	152 + 11
Liberty	107 1/2 + 1 1/4	Pharm	152 + 11
Country Abroad	107 1/2 + 1 1/4	Pharm	152 + 11
Pape	102 + 11	Pharm	152 + 11
Robert Metal	80 + 10	Pharm	152 + 11

Dull De Beers falls to \$446m

By Kenneth Gooding, Mining Correspondent

DE BEERS Consolidated Mines of South Africa and its overseas arm De Beers Centenary, which together dominate the world's rough (uncut) diamond business, yesterday reported that combined attributable profits in the six months to end-June had fallen by 14 per cent, from US\$517m to \$446m.

This was roughly in line with expectations and De Beers' share price held steady to close in London down 2 1/2 at 218 1/2. Analysts suggested the group had done reasonably well in the face of recessionary conditions in the diamond market. They looked for flat earnings in the second half.

De Beers said the disruption caused by the Gulf war hit world diamond sales so its diamond account fell by 16 per cent in the first half from \$490m to \$412m.

It was still possible that rough diamond sales through its Central Selling Organisation would this year match 1990's \$4.1bn. However, most analysts looked for a slight fall to about \$3.5bn. The group managed to hold the

margin on its diamond account, expressed as a percentage of CSO sales, at 19.3 per cent in the first half. This surprised some analysts who expected margins to be under severe pressure because De Beers must be stockpiling stones to prevent the market becoming over-supplied.

De Beers is maintaining the interim dividend payment at 24.7 US cents (24.8 cents). The South African dividend has been marginally lifted to reflect devaluation of that country's currency.

When De Beers' share of retained profits of associate companies is included, combined earnings were 17 per cent down from \$704m or 185 cents a share unit (comprising one De Beers share and one Centenary depositary receipt) to \$586m or 154 cents.

Combined income from investments outside the diamond industry fell to \$127m (1990: \$138m) mainly because of the lower rand-dollar exchange rate. Interest received was \$114m (\$145m), reflecting lower cash balances. Combined prospecting

and research expenditure was down from \$58m to \$51m while interest payments increased from \$19m to \$36m.

Pre-tax profits fell by 16 per cent to \$558m (\$684m) and attracted less tax at \$108m (\$145m), leaving a combined profit after tax of \$450m (\$538m). Profit attributable to unit holders was \$446m (\$517m).

The share of retained profits of associates was \$140m (\$187m) while the share of extraordinary losses of associate companies was \$30m (profit \$212m).

Nikki Tait in New York on a French connection with Equitable Life in the US

Injecting more than savoir-faire

By Richard Lapper, in London

GENERAL ACCIDENT, the UK's third biggest composite (life and general insurer), yesterday blamed the country's recession for a sharp rise in pre-tax losses. The company's loss of £101.5m (\$170m) for the six months to June 30 compared with a loss of £86.6m at the same stage last year and £121.3m for the whole of 1990.

Mr Nelson Robertson, chief general manager, said the results were "obviously unacceptable". He blamed rising insurance claims stemming from theft, arson, fraud and loan default.

The interim dividend was unchanged at 9.7p per share.

Worldwide premium income amounted to £1.77bn (compared with £1.51bn), rising by about 6.5 per cent in domestic currency terms.

Life premiums climbed to £241.1m (\$189.5m), while investment income grew to £237.4m (\$194.5m).

Underwriting losses rose almost 40 per cent to £302.9m (\$217.6m). Nearly two-thirds (£178.4m) of those losses came from the UK, where GA was hit by an rise in recession-related claims.

The group's relatively modest book of mortgage and credit indemnity business which produces about £100m in premium income accounted for an underwriting loss of about £40m.

Theft claims cost at least 50 per cent more than in the first half last year.

Mr Bob Scott, general manager UK, said burglaries had increased in many provincial areas previously considered relatively low risk.

The rise had been less stark in London and inner city areas where homeowners had installed alarms, special locks and other security devices.

Arson - much of it suspected to be fraudulent - was a "very ugly escalating problem" according to Mr Scott.

GA says corrective action to increase rates and restrain costs is underway.

Rates have been increased in personal car (23 per cent) and commercial lines (an average of 30 per cent) and further rises are in the pipeline.

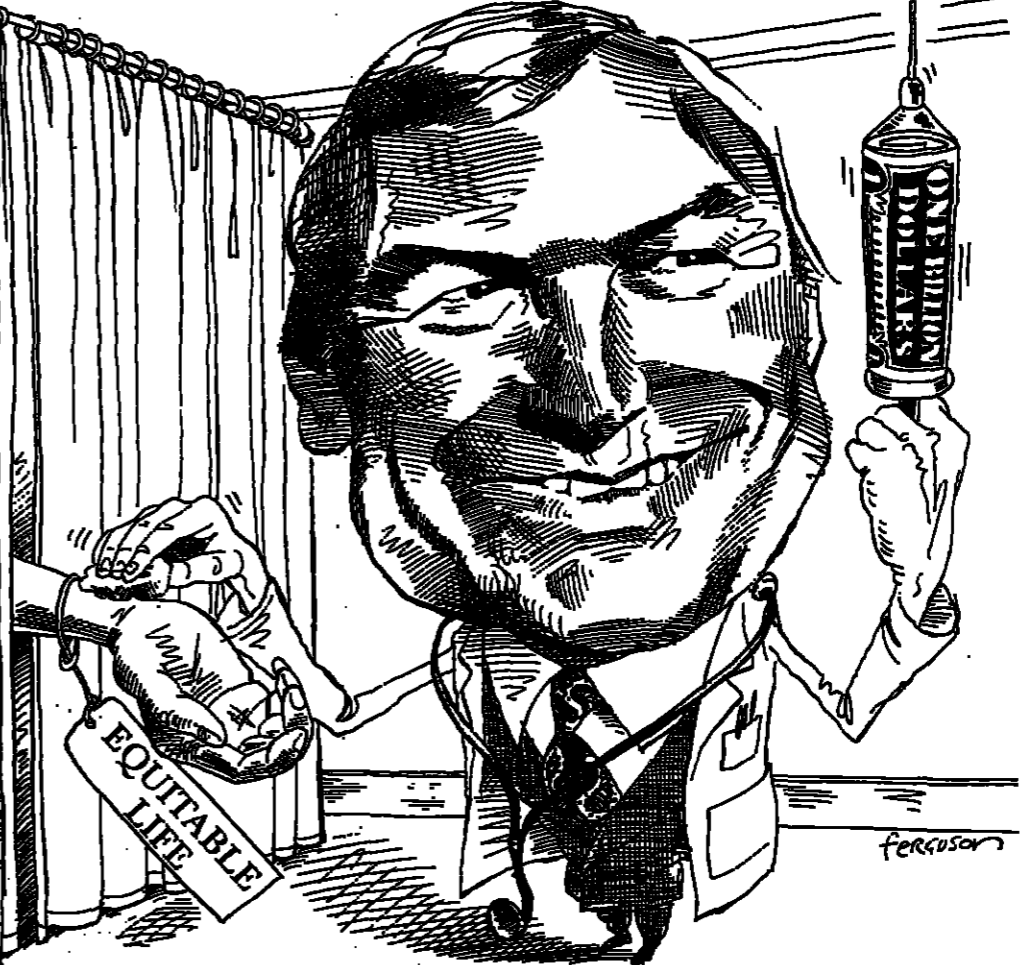
The company is set to zone rates for house buildings insurance charging more from those living in areas where there is a high subsidence and storm risk in the autumn.

GA is pressing ahead with plans to streamline its UK operations in order to reduce its stubbornly high expense base.

Mr Robertson said 700 jobs had been cut since a restructuring programme began last September. Fourteen of the company's 60 branches have been reorganised.

The group, the most labour-intensive of the leading five UK composites, has shaved two points from its expense ratio (the yardstick comparing expenses with premium income).

Lex, Page 12



The cash infusion allows Claude Bébér, Axa chairman, to enter the 'big league'

demutualisation scheme fails, the \$750m should be repayable. The other \$250m might be clawed back over time, provided insurance regulators approve.

However, since Equitable needed the interim funding to be "permanent", Axa has relatively little protection against any further deterioration in its investment's affairs.

Only if Equitable is loss-making in the first half of 1992 (or any six-month period after that) or if surrenders exceed \$630m-\$670m in any quarter, will certain restrictions on "hostile" voting of Axa's stake be lifted.

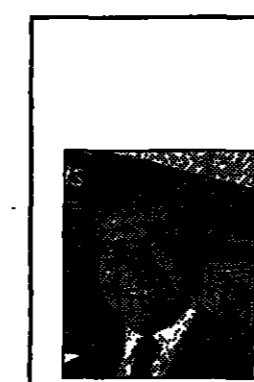
The concern of the main rating agencies seems to rest as much with certainty of the demutualisation process, as with the US company's financial stability.

If all works out on the investment score and the \$1bn cash infusion converts to a large minority stake, what does Axa get out of the deal?

Mr Bébér talks about the advantages of mixing cultures, and learning from an innovative US market. The two companies

have drawn up an agreement, apparently at Axa's request, which provides for the establishment of a "co-operation" committee to look at joint projects and shared information.

How this pans out, remains to be seen. Certainly, Equitable's side of the matter is simpler. It already has a vital capital infusion, which should lift its capital to liabilities ratio from a shaky four per cent to a more respectable 6 per cent. As Mr Jenrette remarks: "Staying power is everything".



In June 1990, three months after he had been told his company was about to be sold to a trade buyer, managing director David Gooding led a £24 million management buy-out of Hozelock Limited.

PolyGram rises 24% in first half

By Michael Skapinker in London

POLYGRAM, the music company 80 per cent owned by Philips of the Netherlands, announced net income up 24.6 per cent to £1.147m (\$86.9m) for the six months to the end of June, despite the economic downturn in Britain and the US.

Earnings were boosted by A&M, which PolyGram bought last year, and by US sales of the performer Sting. Turnover was up 24.5 per cent to £1.27bn. Operating income rose 30.3 per cent to £1.245m and net income per share increased 24.6 per cent to £1.038.

The company did not declare an interim dividend on the grounds that it had not been a listed company for long enough. Philips floated 20 per cent of PolyGram's shares on the New York and Amsterdam stock exchanges in December 1988.

Mr Alain Levy, PolyGram's

chief executive, said he was examining the possibility of a listing in London, where the company has its headquarters.

The company had previously thought a London listing would require the sale of at least 25 per cent of the shares.

PolyGram says it has since received indications that a company of its size might be able to obtain a London listing even if fewer than 25 per cent of its shares are publicly traded.

Mr Levy said that PolyGram was reducing its involvement in CD-interactive, a Philips product which combines various media such as computers, video and compact disc.

He said he thought CD-interactive's future lay primarily in publishing and education rather than entertainment.

Mr Levy said the US music

market had suffered a drop in sales of between 5 per cent and 10 per cent in the past six months.

He said the recession in the UK was also noticeably worse than elsewhere. PolyGram's sales to the teenage market, however, made it easier to ride out the recession, he said.

The company had also benefited from the reunification of Germany.

Although east German consumers had initially bought vinyl records, they were increasingly purchasing compact discs.

He said the second half would see the release of a new U2 album, as well as the soundtrack of the film Robin Hood, Prince of Thieves and of Andrew Lloyd Webber's stage production of Joseph and the Amazing Technicolour Dreamcoat.

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UK COMPANY NEWS

Expamet tumbles 68% to £2m

By Richard Gourlay

EXPAMET International, the building products and security group, yesterday reported a 68 per cent fall in profits after a sharp first quarter decline due to recession and the Gulf war. Pre-tax profits in the six months to June 30 fell from £6.27m to £2.01m on sales down 11 per cent at £76.19m. Earnings fell from 6.88p to 2.75p. Mr Jeremy Beasley, chairman, said confidence that next year would see a sharp improvement following cost cutting lay behind the decision to maintain the interim dividend, though uncovered by earnings, at 4.18p. Interest charges rose from £1.76m to £2.25m in spite of the £11m rights issue to reduce debt in April. This was partly because the group started pay-

ing interest on a deferred payment for Radionics, the US security components company it bought in 1988. Gearing ended the period at 77 per cent on debt halved from the previous year at £36m. Mr Beasley said he expected gearing to have fallen to 39 per cent by the year-end with debts of £8m. Debt had not fallen as far as the group had hoped six months ago because of lower profits, slower extraction of working capital and higher extraordinary items in connection with disposal of businesses.

The group made a £510,000 exceptional provision for restructuring costs and expects the same in the second half. Mr Beasley said the group

had made a 15 per cent reduction in the workforce which would cut costs by £1.5m next year. Operating profits in the security division fell 54 per cent to £1.8m as growth slowed in its main markets. In the industrial division, which makes bladder accumulators to help control liquids movement in industrial systems, operating profits fell 38 per cent to £1.1m. Profits were hit hard because of the loss of sales on high margin businesses in Expamet's continental European markets. Sales in the UK building sector fell 15 per cent but turnover expanded in the European building business. Operating profits in the division fell 17 per cent

to £1.9m.

● COMMENT

Yesterday's share price fall of 11p to 152p reflected concern that Expamet is reducing its debt quickly enough in spite of the rights issue. The Radionics acquisition, though a good one in a growth area, is also now looking slightly over-priced. Certainly the company is wary about raising gearing too far for new acquisitions. The interim dividend uncovered by earnings is less worrisome. The company will benefit from lower interest and wage bills in 1992 and should push pre-tax profits back up to £11m. This year, forecasts put pre-tax profits at about £7m, giving earnings of 8.5p and a prospective multiple at a full 17.

SD-Scicon gets support of Phillips & Drew

By Alan Cane

PHILLIPS & Drew Fund Management, which holds a stake of just over 8 per cent in SD-Scicon, the UK computing services company facing a hostile bid from Electronic Data Systems, has decided to advise its clients to reject the final offer of 60p per share from EDS. The offer closes on Saturday and Phillips & Drew's decision means that the outcome of the three-month battle for control of SD-Scicon will rest heavily on the intentions of Morgan Grenfell Asset Management, which holds a 15 per cent stake.

SD-Scicon and its declared supporters held about 28 per cent of the shares a further 20 per cent is held by shareholders who have not made public their decision.

Last Monday, fund managers at Morgan Grenfell said they would be discussing whether to accept the EDS offer with their clients. An early announcement of their decision was not expected.

EDS, the information technology subsidiary of General Motors of the US, holds about 35.5 per cent of the shares of SD-Scicon, 25 per cent of which was acquired at its earlier bid price of 45p from British Aerospace.

SD-Scicon has claimed that shareholders had been withdrawing acceptances of the bid, but in a statement yesterday EDS said the withdrawals referred to the original 45p offer. "Over fifteen institutions have sold to us and we continue to buy in the market", it said.

Of the main institutional shareholders, Phillips & Drew, the Prudential and National Provident have now indicated they will not accept the EDS offer. They have made it clear that an price in the region 80-85p would be acceptable. There is now little chance of a white knight making a bid before the EDS offer closes on Saturday.

Sears to sell loss-making Horne Brothers chain to management

By John Thornhill

SEARS, the retailing conglomerate, is selling its loss-making Horne Brothers business to a management buy-out team for a nominal sum as part of the reorganisation of its hard-hit menswear division. The 46-outlet Horne Brothers chain, which has recorded losses for the past two years, has struggled to establish itself as a viable retailing format in the face of depressed market conditions. The company was bought by Sears for £34m in 1987 but since then parts of the business have been divested or transferred to other formats in the Sears portfolio. Sears is to retain Horne's freehold property and has an option to

acquire an equity stake of up to 20 per cent in the new venture. Mr John Lovering, finance director, said Horne had been unable to establish itself in the premium menswear market. "Strategically the idea was a good one but in terms of timing it could have been a lot better," he said. The management buy-out team is backed by Mr Murray Gordon, former chairman of Combined English Stores. Mr Gordon was non-executive chairman of the ill-starred management team which bought out the Lewis's department store chain. He relinquished the post well before the group went into receivership earlier this year.

The loss on the sale of Horne plus the costs associated with the closure of branches not included in the sale will result in an exceptional cost of £10m in Sears' accounts. The company will incur a further £10m in exceptional costs from reorganising its menswear division's distribution operation and shutting several of its Fosters and Your Price branches. The restructuring of the menswear division was initiated in March following the appointment of Mr David Carter-Johnson as managing director. Since then overheads have been reduced and 200 jobs have been shed. Sears believes the restructuring should result in annual savings of £8m.

Trafalgar rights issue taken up by 88.8%

By Roland Rudd

Trafalgar House, the UK shipping, engineering and construction conglomerate yesterday announced that its shareholders had taken up 88.8 per cent of the 1-for-3 rights issue at 190p. The shares rose 2p to close at 228p.

The rump of the issue, worth £18.8m, has been placed by the brokers, Barclays De Zoete Wedd and Kleinwort Benson, at 212p. It will be used to pay for the recommended cash offer worth up to £114m for Davy Corporation, the UK engineering contractor.

Sir Nigel Brookes, chairman, purchased a further 237,885 A ordinary shares at 212p apiece taking his holding of the new shares to 3m. Sir Nigel has sold his personal holding of 3.06m ordinary shares at 212p per share.

The move is understood to be partly for tax reasons as the A shares will be entitled to only a scrip dividend until the final in 1992-93.

The company does not want to make its unrelieved advanced corporation tax (ACT) worse by paying out any earlier.

Decorative boost for Kalon

By Jane Fuller

SALES OF paint and other decorating products to DIY enthusiasts helped Kalon Group, the paint manufacturer, to increase profits by nearly 50 per cent in the first half of this year.

Virtually all the pre-tax profit of £3.97m (£2.65m) came from the decorative division - indeed, some of the other much smaller divisions incurred losses. The bulk of the £48.2m (£42.8m) turnover also came from the decorative side.

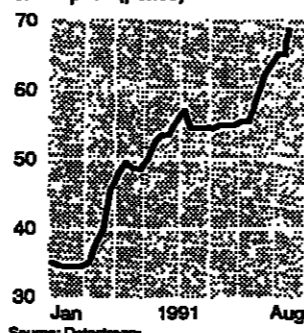
Mr Mike Hennessy, managing director, said: "People seem to have decorated their houses rather than going on holiday." However, Kalon had also gained market share both in its sales to retailers, including private label for B&Q and Texas Homecare.

The sundries business, involving other decorating products such as white spirit and filler, put on £1m sales in the first half. Mr Hennessy said turnover was likely to be £10m this year compared with £1m two years ago, in spite of a factory fire this summer.

Losses were cut to £49,000 (£131,000) in chemicals, but they nearly doubled to £275,000 in recession-affected industrial coatings. While exports,

Kalon Group

Share price (pence)



Source: Datastream

accounting for less than 5 per cent of sales, improved profit. The Spanish chemicals operation, which has less than £1m turnover, lost £98,000. Interest payable was cut to £217,000 (£582,000) and the group had just over £1m cash in hand at the half-way point. Earnings per share rose to 2.33p (1.57p) and the interim dividend is raised to 0.7p (0.5p).

● COMMENT

An example of it not necessarily being a bad sign when directors sell their shares has been presented by Mr Leslie

Silver, chairman of Kalon (and Leeds United Football Club), who sold part of his family stake in late April for 54p per share, while yesterday the price rose again to 68p, a year ago it was about 30p. The shares are now on a prospective p/e of 15.3, using a full-year pre-tax profit forecast of £7.6m (£5.9m), and the premium is well deserved. In the four years since Mr Hennessy's arrival, the 1987 loss has been left far behind and 230m debt has been eliminated. By December 31, the group is expected to hold £8m cash. Its performance has outstripped the market norms in both retail and trade paint. On the retail side, it has ambitions to expand from 65 stores to 120; sundries are also growing rapidly. The only quibbles are the continuing losses in chemicals, industrial coatings and Spain. The first two, which should recover with the economy, could either be sold off or enhanced by acquisition. The Spanish operation is interesting as a base for overseas expansion of the paint business. Although the current share price looks full, there remains scope for medium-term growth.

Takare doubles to £3m as expansion continues

By Andrew Bolger

TAKARE, the rapidly expanding nursing home group which specialises in long-term care of the elderly, more than doubled pre-tax profits, from £1.2m to £2.99m, in the six months to June 30.

The group said it had opened 680 beds during the first half and was on target to have 4,000 beds in operation by September. Its plan is to keep growing at a rate of 1,000 to 1,200 beds annually.

Turnover rose to £12.4m (£5.73m) and earnings to 4.3p (£2.6p). The interim dividend is lifted from 0.35p to 0.5p.

Takare recently scored a political coup by announcing that Lord Ennals, social services secretary in the last Labour government and current opposition health spokesman in the Lords, had joined it as a non-executive director.

As the 1993 introduction date for the government's care in the community policy approached, Mr Keith Bradshaw, chairman, said it was clear that health authorities and boards would continue to have some responsibility for

chronic patients. Thus Takare would have two public bodies as potential customers to add to its existing demand.

● COMMENT

Takare has a distinctive formula, which it is applying with impressive speed. On each site it currently builds at least four single-story units housing 30 patients in single rooms, supported by a central services building. It claims this design enables it to make money even from patients solely dependent on social security support, which other operators complain is inadequate. One cloud on Takare's horizon has been the political uncertainty involved in the Conservatives nearing the end of their current term, but the group's achievement in bringing Lord Ennals aboard would suggest that business will survive any change of government. Forecast profits of £6.5m put the share price at 150p on a hefty prospective multiple of 16, but that is underpinned by the outlook for earnings growth.

The Monopolies and Mergers Commission yesterday announced that the acquisition by Illingworth Morris of Jarmain & Son, a supplier of wool scouring services, operated against the public interest.

The MMC found that the acquisition had resulted in a significant loss of competition in the commission market for wool scouring services, through which wool is cleaned and degreased - and recommended that Illingworth should dispose of three scouring lines.

Illingworth, the Yorkshire textile group which was taken private by its chairman Mr Alan Lewis some two years ago, made the acquisition in December 1990 through Juststrut, an associate of Woolcombers Processors in which Illingworth has a 75 per cent interest.

The MMC recommended that the three lines be sold at public auction to the highest bidder within six months of publication of the report, and that the transferred line should not be replaced at Jarmain for a period of 12 months.

MMC rules against Illingworth buy

The Monopolies and Mergers Commission yesterday announced that the acquisition by Illingworth Morris of Jarmain & Son, a supplier of wool scouring services, operated against the public interest.

The MMC found that the acquisition had resulted in a significant loss of competition in the commission market for wool scouring services, through which wool is cleaned and degreased - and recommended that Illingworth should dispose of three scouring lines.

Illingworth, the Yorkshire textile group which was taken private by its chairman Mr Alan Lewis some two years ago, made the acquisition in December 1990 through Juststrut, an associate of Woolcombers Processors in which Illingworth has a 75 per cent interest.

The MMC recommended that the three lines be sold at public auction to the highest bidder within six months of publication of the report, and that the transferred line should not be replaced at Jarmain for a period of 12 months.

Manchester Ship Canal improves 23% to £4.8m

By Clare Pearson

MANCHESTER Ship Canal Company, where Peel Holdings, the property company, owns 68 per cent of the shares, yesterday reported interim pre-tax profits 23 per cent up from £3.9m to £4.79m for the same period of 1990. Sales for the nine months increased by 24 per cent from £71.5m to £88.4m.

Project activity in the life sciences division slowed due to a reorganisation. Sales in the third quarter fell below those of last year. Engineering was affected by the US recession. The group is focusing on infrastructure projects, such as the \$70m (£44m) Texas High Speed Rail Development, which have been less affected by the downturn.

Earnings per share for the nine months edged up from 10.2p to 10.3p. Earnings per ADR were 83.3 cents.

Third quarter fall at Huntingdon

By Roland Rudd

HUNTINGDON International, the life sciences and engineering services group, suffered a fall from £5.1m to £4.8m in its third quarter pre-tax income, making £12.1m for the nine months to end-June. This was still ahead of the £11.9m for the same period of 1990. Sales for the nine months increased by 24 per cent from £71.5m to £88.4m.

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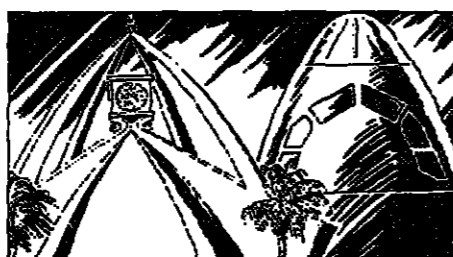
DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year
AAF Invest	5p	Oct 11	5	51
Armstrong Bros	3.2	Nov 15	2.8	6.2
Expamet Int	4.18	Nov 15	4.18	10.38
Forwell	nil	Jan 1	0.375	0.375
General Accident	9.75	Jan 1	9.75	20.25
Kalon	0.7	Oct 1	0.5	1.5
Pacer Systems	3p	Dec 18	3	5.5
Takare	0.5	Oct 2	0.35	1.05
Williamson Tea	15	Oct 2	15	25

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. *Carried scrip option. *US cents. ‡For nine months. ‡Gross throughput. Interim includes special 0.5p (1p).



EMIRATES' NEW SERVICE TO THE GULF

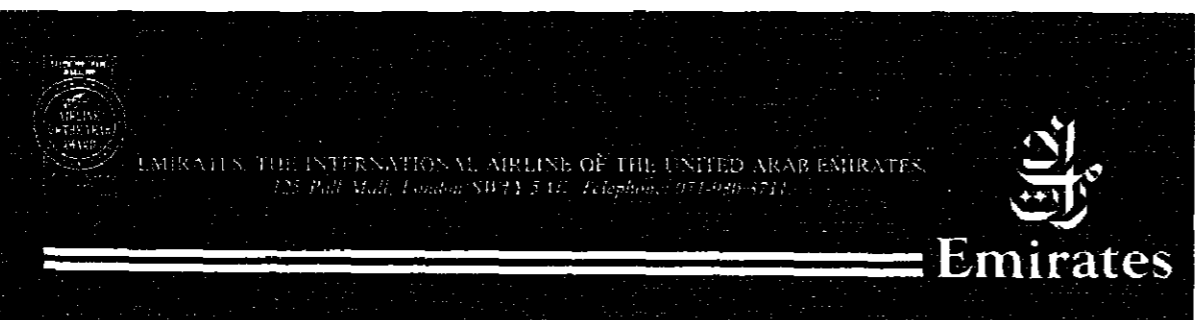


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This advertisement is issued in accordance with the regulations of the Council of The International Stock Exchange of the United Kingdom and The Republic of Ireland ("the London Stock Exchange"). Application has been made to the Council of the London Stock Exchange for all the Ordinary Shares of £1 each and the Non-Voting Ordinary Shares of £1 each in Mid Southern Water plc, being converted from the company's existing stock pursuant to its conversion to public limited company status, to be admitted to the Official List. It is expected that admission to the Official List will become effective on 17th June 1991. Copies of the circular are available at the following addresses during normal working hours until 12th September 1991.

MID SOUTHERN WATER COMPANY

(Incorporated with limited liability by Act of Parliament. Registered No. 224 England)

is expected to be registered as a public limited company on 30th August 1991 under the name

MID SOUTHERN WATER plc

Mid Southern Water plc's share capital following the conversion is:

Authorised	Ordinary shares of £1 each	Issued
3,454,257	59,070	3,454,257
	Non-Voting Ordinary Shares of £1	59,070

This application is sponsored by

SEYMOUR PIERCE BUTTERFIELD LIMITED

The Circular relating to the conversion was posted to stockholders on 25th May 1991 and the conversion to public limited company status was approved by stockholders on 17th June 1991. Copies of the circular are available at the following addresses during normal working hours until 12th September 1991.

European Capital Company Limited 99 Gresham Street London, EC2V 7NA	Mid Southern Water plc Pringley Green, Camberley Surrey GU16 6HZ
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COMMERZBANK OVERSEAS FINANCE N.V. U.S.\$ 100,000,000 Floating Rate Notes Due 1993

In accordance with the provisions of the Notes notice is hereby given that for the twelve months period from August 13, 1991 to November 13, 1991 the Notes will carry an interest rate of 5 7/8% per annum with a coupon amount of U.S.\$ 148.54 on U.S.\$ 10,000 and U.S.\$ 3,713.54 on U.S.\$ 250,000.

Frankfurt/Main, August 1991

COMMERZBANK

Notice of Appointment of Successor Trustee

to the Holders of

Atari Corporation

5% Convertible Subordinated Debentures due 2002 (the "Securities")

NOTICE IS HEREBY GIVEN that Atari Corporation ("the Company") has received a notice of resignation from Security Pacific National Bank as Trustee under the Indenture dated as of April 19, 1987 (the "Indenture"), such resignation to be effective April 3, 1991.

NOTICE IS HEREBY FURTHER GIVEN that pursuant to Section 7.08 of the Indenture, the Company has appointed Bankers Trust Company, as Successor Trustee and as Registrar, Paying and Conversion Agent under the Indenture. Bankers Trust Company has, pursuant to Section 7.08 of the Indenture, accepted such appointments to be effective April 3, 1991. The address of the Corporate Trust Office of the Bankers Trust Company, Successor Trustee, is Four Albany Street, New York, New York 10006. Said office has also been designated as an office or agency of the Company where registered Securities only may be presented for payment, registration, transfer exchange or conversion as provided in the Indenture and where notices and demands to or upon the Company in respect of the Securities and the Indenture may be served. Registered Securities only being sent to the successor Trustee for payment, registration, transfer exchange or conversion should be sent to one of the following addresses:

By Mail	By Hand
Bankers Trust Company Corporate Trust and Agency Group P.O. Box 2579 Church Street Station New York, New York 10008	Bankers Trust Company Corporate Trust and Agency Group 123 Washington Street Ground Floor New York, New York 10006

Bearer Securities can be presented for payment, registration, transfer exchange or conversion at one of the following addresses:

Bankers Trust Company 1 Appold Street Broadgate London EC2A 2HE	Bankers Trust Luxembourg S.A. P.O. Box 807 14 Boulevard F.D. Roosevelt L-2450 Luxembourg
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Credit Suisse
8 Paradeplatz
CH-8001 Zurich
Switzerland

Dated: August 14, 1991

Atari Corporation
by Bankers Trust Company
as Successor Trustee

FT LAW REPORTS

Fishing boat registration rules contravene EC law

REGINA v SECRETARY OF STATE FOR TRANSPORT, EX PARTE FACTORTAME AND OTHERS
European Court of Justice (O. Due, President; G.F. Mancini, T.E. O'Higgins, J.C. Moutinho de Almeida, G.C. Rodriguez Iglesias, M. Diez de Velasco, Presidents of Chambers; Sir Gordon Slynn, C.N. Kakouris, R. Joliet, F. Grevise and M. Zuleeg, Judges); July 25 1991

UK LEGISLATION for the registration of fishing vessels contravenes EC principles of freedom of establishment insofar as it imposes conditions of nationality, residence and domicile on legal and beneficial owners, charterers, managers and operators of the ships, or on the composition and directorship of shipowning companies.

The European Court of Justice so held when determining questions referred to it by the High Court on an application by Factortame Ltd and other companies for judicial review of a decision by the Secretary of State for Transport refusing their ships entry on the British register of fishing vessels.

THE COURT said the companies owned or operated 95 fishing vessels registered as British under the Merchant Shipping Act 1894.

Of those vessels 53 were originally registered in Spain and flew the Spanish flag. As from 1980 they were entered in the British register. The remaining 42 had always been registered in the UK, but were purchased by the companies after 1983.

By Part II of the Merchant Shipping Act 1988 and the Merchant Shipping (Registration of Fishing Vessels) Regulations 1988 the UK amended previous legislation, to put a stop to "quota hopping" whereby its fishing quotas were plundered by vessels which flew the British flag but lacked any genuine link with the UK.

The 1988 Act set up a new register. Only vessels meeting conditions in section 14 of the Act might be registered.

Section 14(1) provided that a fishing vessel was eligible to be registered only if its (a) ownership was British; (b) operations were managed, directed and controlled from within the UK; (c) charter, manager or operator was a "qualified" person or company.

By section 14(2) a vessel was British-owned if its legal title was vested wholly in "qualified" persons or companies and it was beneficially owned by "qualified" companies or, as to not less than 75 per cent, by "qualified" persons.

By section 14(7) a "qualified person" meant a British citizen resident and domiciled in the UK, and a "qualified company" meant a company incorporated in the UK having its principal place of business in the UK, at least 75 per cent of its shares being owned by qualified persons or companies, and at least 75 per cent of its directors being qualified persons.

Under section 14(4) the secre-

tary of state might dispense with the nationality condition in the case of an individual in view of the time he had resided in the UK and been involved in the UK fishing industry.

The companies' vessels failed to satisfy the new registration conditions.

They challenged the compatibility of Part II of the 1988 Act with EC law by applying for judicial review. The High Court referred questions to the European Court for a preliminary ruling.

The first question was whether EC law affected the conditions in which a member state determined which vessels could register, fly its flag, and carry its nationality.

Competence to determine conditions for registration was vested in member states. Nevertheless, powers retained by member states must be exercised consistently with EC law (see *Hellenic Republic (1988)* ECR 2855, 3339).

The UK argued that the position was different under international law.

It referred to article 5(1) of the Geneva Convention on the High Seas, April 29 1958, which provided that each state should fix conditions for nationality and registration of ships in its territory, and the right to fly its flag, and "There must exist a genuine link between the state and the ship".

That argument might have some merit only if EC law requirements conflicted with the rules of international law.

It was for member states to determine, in accordance with international law rules, the conditions for registration and the right to fly their flag, but in exercising that power, they must comply with EC law.

The second question was whether the nationality, residence and domicile conditions to which the 1988 Act made registration subject, were compatible with EC law.

The Commission argued that the rules on freedom of establishment in article 52 of the Treaty, applied.

Registration conditions must not form an obstacle to freedom of establishment.

A condition which stipulated that where a vessel was owned or chartered by natural persons they must be of a particular nationality, and that where it was owned by or chartered by a company the shareholders and directors must be of that nationality, was contrary to article 52.

As for the residence and domicile requirement, that resulted in discrimination on grounds of nationality.

The majority of nationals in a member state were resident and domiciled there and met the requirement automatically, whereas nationals of other member states would, in most cases, have to move residence and domicile in order to comply.

Such a requirement was contrary to article 52.

It followed that it was contrary to EC law, particularly article 52, for a member state to stipulate nationality, resi-

dence and domicile as conditions for registering a fishing vessel in its national register.

The condition that the vessel must be managed and its operations directed and controlled from within the member state coincided with the concept of establishment within the meaning of article 52 *et seq* of the Treaty, which implied a fixed establishment.

It was not contrary to EC law to stipulate that the vessel must be managed and its operations directed and controlled from within the member state.

As to whether a member state had power to dispense with the nationality requirement in respect of an individual in view of the length of time he had resided there and been involved in its fishing industry, the mere fact that the competent authority was empowered to grant exemptions or dispensations could not justify a national measure contrary to the Treaty.

The third question was whether the second question was affected by the existence of national catch quotas allocated pursuant to the Common Fisheries policy.

It was not the purpose of national registration legislation to define detailed rules for utilisation of quotas. Such legislation could not be justified by the existence of a Community system of national quotas.

The system of national quotas did not affect the replies given to the second question.

In reply to the questions referred to it, the Court ruled:

(1) It was for member states to determine in accordance with general international law rules their conditions for registration and the right to fly their flag, but in exercising that power they must comply with EC law.

(2) It was contrary to EC law and in particular to article 52, for a member state to stipulate nationality, residence and domicile of shipowners, charterers, managers and operators, and of shareholders and directors of shipowning companies, as conditions for registration of fishing vessels.

(3) It was not contrary to EC law for a member state to stipulate as a registration condition that the vessel must be managed, and its operations directed and controlled, from within that member state.

(4) The fact that the competent minister of a member state had power to dispense with the nationality requirement in respect of an individual could not justify the rule under which registration was subject to requirements of nationality, residence, domicile.

For *Factortame and others*: David Vaughan QC, Gerald Baring and David Anderson (Thomas Cooper & Stubbard).

For the UK: Nicholas Lyell QC, Solicitor General, Christopher Bellamy QC, Christopher Vajda and Andrew Macnab (Treasury Solicitor).

Rachel Davies
Barrister

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COMPAGNIE DE SAINT-GOBAIN

Issue of 100,000,000 with warrants

For the calculation of the coupon starting on 10th February 1992, the net consolidated profit (share of the Group) taken into account is FF 3,358,000,000.

As the LBOR ECU is 10%, the minimum coupon so calculated produces an annual interest rate of 10.375%.

As the applicable TMOE is 9.25%, the coupon so calculated produces an annual interest rate of 11%.

Therefore, the semi-annual coupon payable on 10th February 1992, will be ECU per full participant of ECU 1.000.

GMAC

74th Annual Bond Conference
Series 1990 Euro-A

On August 15, 1991 holders of coupons from the 74th Annual Bond Conference will be notified in a distribution, based on the certification of General Motors Acceptance Corporation. The distribution for each original US\$10,000 p.a. of Coupons is \$1,000.00.

(a) Distribution representing interest: US\$8.50

(b) Distribution representing principal: US\$1.50

The certification also states the following as of July 31, 1991:

(1) Total Balance: US\$69,239,15

(2) Total Coupons: US\$1,777,77.28

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, Trustee

Halifax Building Society

Floating Rate Loan Notes 1994

For the three month period from 13 August, 1991 to 13 November, 1991 the Notes will bear interest at the rate of 11.1 per cent. per annum.

The Coupon amounts will be £139.89 per £5,000 Note and £1,398.90 per £50,000 Note, payable on 13 November, 1991

Morgan Grenfell & Co. Limited
Agent Bank

SIEMENS

Information for Siemens shareholders

Solid expansion for Siemens

Siemens' business volume expanded strongly during the period under review, due mainly to numerous large orders and the inclusion of newly acquired companies. New orders rose 20 percent, with the major proportion of the growth being accounted for by German domestic business. During the last three months, international orders also picked up. Newly consolidated companies accounted for 8 percent of the growth in orders. Worldwide sales increased 12 percent and net income after taxes 7 percent.

New orders

Siemens (Siemens AG and its consolidated companies) booked new orders of DM61.3 (previous year: DM51.0) billion during the period under review (1 October 1990 to 30 June 1991), an increase of 20 percent. Of this total, 8 percentage points were due to newly consolidated companies, mainly Siemens Nixdorf Informationssysteme AG (SNI) and the activities acquired from Plessey. Growth in Germany was strong (31 percent), due both to newly acquired businesses and, above all, to orders from the new German states (DM2.4 billion). Despite having a lower growth rate than in prior years, international business still expanded by 13 percent on a year-to-year comparison. Large-scale orders

stimulated above-average growth for the Transportation (39 percent), Public Communication Networks (33 percent) and Power Engineering (27 percent) Groups. By contrast, business in standard products was weaker. Despite a depressed climate in the computer sector, SNI recorded orders of DM9.0 billion, 4 percent more than a year earlier.

DM billion	1/10/89 to 30/6/90	1/10/90 to 30/6/91	Change
New orders	51.0	61.3	+ 20%
German business	20.8	27.2	+ 31%
International business	30.2	34.1	+ 13%

Sales

Sales rose 12 percent from DM45.3 to DM51.0 billion, with German and international operations contributing equal shares of this growth. Due to the traditionally long lead times in the systems business, the high level of new orders booked this year will not be immediately reflected in the sales volume. Developments varied very strongly among the operating groups. While sales of Semiconductors and Automation Systems stagnated and Automotive Systems, Drives and Standard Products recorded only marginal growth rates, sales of the Transport

tation Systems, Industrial and Building Systems, and Public Communication Networks Groups increased by over 20 percent each. At SNI, nine-month sales trailed behind new orders, despite satisfactory third quarter figures.

DM billion	1/10/89 to 30/6/90	1/10/90 to 30/6/91	Change
Sales	45.3	51.0	+ 12%
German business	20.2	22.8	+ 13%
International business	25.1	28.2	+ 12%

Employees

The number of employees at 30 June 1991 was just under 407,000, or 9 percent more than at 30 September 1990. This growth resulted primarily from the inclusion of newly acquired companies. Other factors had only a marginal effect on employment levels. Reductions in the workforce and some short-time work was necessary in a few areas which were affected by recessionary trends. Personnel costs rose 15 percent to DM22.9 billion.

In thousands	30/9/90	30/6/91	Change
Employees	373	407	+ 9%
German operations	230	246	+ 7%
International operations	143	161	+ 13%

DM billion	1/10/89 to 30/6/90	1/10/90 to 30/6/91	Change
Personnel costs	19.8	22.9	+ 15%

Capital spending and net income

Capital spending was down by one-third on the comparable year-to-year period, decreasing from DM5.3 billion to DM3.6 billion. This reduction was due exclusively to the lower amount spent on acquisitions. Capital expenditures on fixed assets rose slightly. Net income after taxes increased 7 percent, from DM1,136 million to DM1,214 million.

DM billion	1/10/89 to 30/6/90	1/10/90 to 30/6/91	Change
Capital expenditure and investments	5.3	3.6	- 33%
Net income after taxes	1,136	1,214	+ 7%

unaudited accounts

Siemens AG, Berlin and Munich

[illegible]

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AMERICANS

1991	High	Low	Stock	Price	Change	%	P/E
114	114	114	3M Co	114.00	0.00	0.0	11.4
115	115	115	3M Co	115.00	0.00	0.0	11.5
116	116	116	3M Co	116.00	0.00	0.0	11.6
117	117	117	3M Co	117.00	0.00	0.0	11.7
118	118	118	3M Co	118.00	0.00	0.0	11.8
119	119	119	3M Co	119.00	0.00	0.0	11.9
120	120	120	3M Co	120.00	0.00	0.0	12.0
121	121	121	3M Co	121.00	0.00	0.0	12.1
122	122	122	3M Co	122.00	0.00	0.0	12.2
123	123	123	3M Co	123.00	0.00	0.0	12.3
124	124	124	3M Co	124.00	0.00	0.0	12.4
125	125	125	3M Co	125.00	0.00	0.0	12.5
126	126	126	3M Co	126.00	0.00	0.0	12.6
127	127	127	3M Co	127.00	0.00	0.0	12.7
128	128	128	3M Co	128.00	0.00	0.0	12.8
129	129	129	3M Co	129.00	0.00	0.0	12.9
130	130	130	3M Co	130.00	0.00	0.0	13.0
131	131	131	3M Co	131.00	0.00	0.0	13.1
132	132	132	3M Co	132.00	0.00	0.0	13.2
133	133	133	3M Co	133.00	0.00	0.0	13.3
134	134	134	3M Co	134.00	0.00	0.0	13.4
135	135	135	3M Co	135.00	0.00	0.0	13.5
136	136	136	3M Co	136.00	0.00	0.0	13.6
137	137	137	3M Co	137.00	0.00	0.0	13.7
138	138	138	3M Co	138.00	0.00	0.0	13.8
139	139	139	3M Co	139.00	0.00	0.0	13.9
140	140	140	3M Co	140.00	0.00	0.0	14.0
141	141	141	3M Co	141.00	0.00	0.0	14.1
142	142	142	3M Co	142.00	0.00	0.0	14.2
143	143	143	3M Co	143.00	0.00	0.0	14.3
144	144	144	3M Co	144.00	0.00	0.0	14.4
145	145	145	3M Co	145.00	0.00	0.0	14.5
146	146	146	3M Co	146.00	0.00	0.0	14.6
147	147	147	3M Co	147.00	0.00	0.0	14.7
148	148	148	3M Co	148.00	0.00	0.0	14.8
149	149	149	3M Co	149.00	0.00	0.0	14.9
150	150	150	3M Co	150.00	0.00	0.0	15.0
151	151	151	3M Co	151.00	0.00	0.0	15.1
152	152	152	3M Co	152.00	0.00	0.0	15.2
153	153	153	3M Co	153.00	0.00	0.0	15.3
154	154	154	3M Co	154.00	0.00	0.0	15.4
155	155	155	3M Co	155.00	0.00	0.0	15.5
156	156	156	3M Co	156.00	0.00	0.0	15.6
157	157	157	3M Co	157.00	0.00	0.0	15.7
158	158	158	3M Co	158.00	0.00	0.0	15.8
159	159	159	3M Co	159.00	0.00	0.0	15.9
160	160	160	3M Co	160.00	0.00	0.0	16.0
161	161	161	3M Co	161.00	0.00	0.0	16.1
162	162	162	3M Co	162.00	0.00	0.0	16.2
163	163	163	3M Co	163.00	0.00	0.0	16.3
164	164	164	3M Co	164.00	0.00	0.0	16.4
165	165	165	3M Co	165.00	0.00	0.0	16.5
166	166	166	3M Co	166.00	0.00	0.0	16.6
167	167	167	3M Co	167.00	0.00	0.0	16.7
168	168	168	3M Co	168.00	0.00	0.0	16.8
169	169	169	3M Co	169.00	0.00	0.0	16.9
170	170	170	3M Co	170.00	0.00	0.0	17.0
171	171	171	3M Co	171.00	0.00	0.0	17.1
172	172	172	3M Co	172.00	0.00	0.0	17.2
173	173	173	3M Co	173.00	0.00	0.0	17.3
174	174	174	3M Co	174.00	0.00	0.0	17.4
175	175	175	3M Co	175.00	0.00	0.0	17.5
176	176	176	3M Co	176.00	0.00	0.0	17.6
177	177	177	3M Co	177.00	0.00	0.0	17.7
178	178	178	3M Co	178.00	0.00	0.0	17.8
179	179	179	3M Co	179.00	0.00	0.0	17.9
180	180	180	3M Co	180.00	0.00	0.0	18.0
181	181	181	3M Co	181.00	0.00	0.0	18.1
182	182	182	3M Co	182.00	0.00	0.0	18.2
183	183	183	3M Co	183.00	0.00	0.0	18.3
184	184	184	3M Co	184.00	0.00	0.0	18.4
185	185	185	3M Co	185.00	0.00	0.0	18.5
186	186	186	3M Co	186.00	0.00	0.0	18.6
187	187	187	3M Co	187.00	0.00	0.0	18.7
188	188	188	3M Co	188.00	0.00	0.0	18.8
189	189	189	3M Co	189.00	0.00	0.0	18.9
190	190	190	3M Co	190.00	0.00	0.0	19.0
191	191	191	3M Co	191.00	0.00	0.0	19.1
192	192	192	3M Co	192.00	0.00	0.0	19.2
193	193	193	3M Co	193.00	0.00	0.0	19.3
194	194	194	3M Co	194.00	0.00	0.0	19.4
195	195	195	3M Co	195.00	0.00	0.0	19.5
196	196	196	3M Co	196.00	0.00	0.0	19.6
197	197	197	3M Co	197.00	0.00	0.0	19.7
198	198	198	3M Co	198.00	0.00	0.0	19.8
199	199	199	3M Co	199.00	0.00	0.0	19.9
200	200	200	3M Co	200.00	0.00	0.0	20.0

CANADIANS

1991	High	Low	Stock	Price	Change	%	P/E
114	114	114	3M Co	114.00	0.00	0.0	11.4
115	115	115	3M Co	115.00	0.00	0.0	11.5
116	116	116	3M Co	116.00	0.00	0.0	11.6
117	117	117	3M Co	117.00	0.00	0.0	11.7
118	118	118	3M Co	118.00	0.00	0.0	11.8
119	119	119	3M Co	119.00	0.00	0.0	11.9
120	120	120	3M Co	120.00	0.00	0.0	12.0
121	121	121	3M Co	121.00	0.00	0.0	12.1
122	122	122	3M Co	122.00	0.00	0.0	12.2
123	123	123	3M Co	123.00	0.00	0.0	12.3
124	124	124	3M Co	124.00	0.00	0.0	12.4
125	125	125	3M Co	125.00	0.00	0.0	12.5
126	126	126	3M Co	126.00	0.00	0.0	12.6
127	127	127	3M Co	127.00	0.00	0.0	12.7
128	128	128	3M Co	128.00	0.00	0.0	12.8
129	129	129	3M Co	129.00	0.00	0.0	12.9
130	130	130	3M Co	130.00	0.00	0.0	13.0
131	131	131	3M Co	131.00	0.00	0.0	13.1
132	132	132	3M Co	132.00	0.00	0.0	13.2
133	133	133	3M Co	133.00	0.00	0.0	13.3
134	134	134	3M Co	134.00	0.00	0.0	13.4
135	135	135	3M Co	135.00	0.00	0.0	13.5
136	136	136	3M Co	136.00	0.00	0.0	13.6
137	137	137	3M Co	137.00	0.00	0.0	13.7
138	138	138	3M Co	138.00	0.00	0.0	13.8
139	139	139	3M Co	139.00	0.00	0.0	13.9
140	140	140	3M Co	140.00	0.00	0.0	14.0
141	141	141	3M Co	141.00	0.00	0.0	14.1
142	142	142	3M Co	142.00	0.00	0.0	14.2
143	143	143	3M Co	143.00	0.00	0.0	14.3
144	144	144	3M Co	144.00	0.00	0.0	14.4
145	145	145	3M Co	145.00	0.00	0.0	14.5
146	146	146	3M Co	146.00	0.00	0.0	14.6
147	147	147	3M Co	147.00	0.00	0.0	14.7
148	148	148	3M Co	148.00	0.00	0.0	14.8
149	149	149	3M Co	149.00	0.00	0.0	14.9
150	150	150	3M Co	150.00	0.00	0.0	15.0
151	151	151	3M Co	151.00	0.00	0.0	15.1
152	152	152	3M Co	152.00	0.00	0.0	15.2
153	153	153	3M Co	153.00	0.00	0.0	15.3
154	154	154	3M Co	154.00	0.00	0.0	15.4
155	155	155	3M Co	155.00	0.00	0.0	15.5
156	156	156	3M Co	156.00	0.00	0.0	15.6
157	157	157	3M Co	157.00	0.00	0.0	15.7
158	158	158	3M Co	158.00	0.00	0.0	15.8
159	159	159	3M Co	159.00	0.00	0.0	15.9
160	160	160	3M Co	160.00	0.00	0.0	16.0
161	161	161	3M Co	161.00	0.00	0.0	16.1
162	162	162	3M Co	162.00	0.00	0.0	16.2
163	163	163	3M Co	163.00	0.00	0.0	16.3
164	164	164	3M Co	164.00	0.00	0.0	16.4
165	165	165	3M Co	165.00	0.00	0.0	16.5
166	166	166	3M Co	166.00	0.00	0.0	16.6
167	167	167	3M Co	167.00	0.00	0.0	16.7
168	168	168	3M Co	168.00	0.00	0.0	16.8
169	169	169	3M Co	169.00	0.00	0.0	16.9
170	170	170	3M Co	170.00	0.00	0.0	17.0
171	171	171	3M Co	171.00	0.00	0.0	17.1
172	172	172	3M Co	172.00	0.00	0.0	17.2
173	173	173	3M Co	173.00	0.00	0.0	17.3
174	174	174	3M Co	174.00	0.00	0.0	17.4
175	175	175	3M Co	175.00	0.00	0.0	17.5
176	176	176	3M Co	176.00	0.00	0.0	17.6
177	177	177	3M Co	177.00	0.00	0.0	17.7
178	178	178	3M Co	178.00	0.00	0.0	17.8
179	179	179	3M Co	179.00	0.00	0.0	17.9
180	180	180	3M Co	180.00	0.00	0.0	18.0
181	181	181	3M Co	181.00	0.00	0.0	18.1
182	182	182	3M Co	182.00	0.00	0.0	18.2
183	183	183	3M Co	183.00	0.00	0.0	18.3
184	184	184	3M Co	184.00	0.00	0.0	18.4
185	185	185	3M Co	185.00	0.00	0.0	18.5

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18	150	Navan Resources	Y	14
99	52	Northgate Expl. CS1		72
16	6	North West Exp		7
109	25	Nor-Quest Res		103
188	82	Oryx Gold Hlds		158
23	11	Orveca Gold (R 2p	Y	13
44	20	Potomac Mining 2p	Y	21
598	40	RTZ 10p		580
13	2	RTZ Res. Inc. R		101

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NOTES
Stock Exchange dealing classifications are in terms of security names: a Alpha refers to shares traded by at least two marketmakers and with a normal 2,000 or more, based on experience of how many traded in the typical day. B Beta refers to all other Gamma refers to other traded instruments. Highs and lows are based on intra-day prices, otherwise indicated, prices and net dividends are in dollars unless otherwise indicated. Estimated price/earnings ratios are based on latest annual reports and are as possible, are updated on half-yearly figures. All figures are on "net" distribution basis, earnings per share.

bracketed figures indicate 20 per cent or less of the total. Coverage is calculated on "all" distribution. Coverage on "maximum" distribution: this compares the

- Profit after taxation, excluding exceptional items, including estimated extent of offsettable ACT, middle prices, are gross, adjusted to ACT of 25% for value of declared distribution and rights.
- Estimated Net Asset Value (NAV) is calculated as follows:
 - Net assets, including cash, along with the price (DVs) or premiums (P-) to the current price.
 - The NAV basis assumes prior charges at par converted and warrants exercised if dilution.
- "Tap Stock"
- High interest rates marked thus have been at various levels for cash
 - Interim since increased or resumed
 - Interim since reduced, passed or deferred
 - Tax-free to non-residents on application
 - Figures or report awaited
 - Officially UK listed; dealings per 55412(a)
- USM; not listed on Stock Exchange
 - Subjected to same degree of regulation
 - Not officially listed.
 - Price at time of suspension
 - Indicates whether the pending stock is a new release to investors or a refund or for

♣ Same interim; reduced final and/or increased

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¹ Dividend and yield based on prospectus estimates for 1989-90. ² Figures based on

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Boots.....	30	Unilever.....
Bowaters.....	53	Vickers.....
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● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 31p off peak inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2122.

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FOREIGN EXCHANGES

Retail sales data boost dollar

A LARGER than expected rise of 0.5 per cent in July US retail sales encouraged a slight firming of the dollar yesterday. A revised rise of 0.1 per cent in June from a fall of 0.2 per cent also provided support. An increase of about 0.2 per cent had been forecast for July.

The market is now waiting for the June US trade figures on Friday, and for Thursday's meeting of the German Bundesbank council. A rise in at least one of Germany's leading interest rates is widely expected, but views on the subject were mixed yesterday.

Mr Helmut Geiger, president of the German Savings Bank Association, said in a radio interview that the discount rate of 6.5 per cent should have been raised in June, and that a 1 point increase would still leave it relatively low. He added that a 1/2 point rise in the 9 per cent Lombard rate would increase the Bundesbank's flexibility to raise market rates in the future and would leave long-term rates little moved.

On the other hand Mr Jürgen Moellmann, German economics minister, warned the Bundesbank against raising rates. He said that an increase would stifle emerging signs of recovery in the depressed eastern part of the country and dampen growth in the west. He

indicated that the government would like the Bundesbank to think carefully before making a move that could "seriously injure the delicate first shoots of recovery in eastern Germany."

At the London close the dollar had climbed to DM1.7305 from DM1.7250, and to SF1.5145 from SF1.5100, and to FF9.8925 from FF9.8875, but was unchanged at Y136.50. On Bank of England figures the dollar's index was unchanged at 86.3.

Sterling's reaction was muted to news that UK industrial production rose 3.0 per cent in June, after a revised 0.4 per cent fall in May. Manufacturing production rose 0.2 per cent in June compared with a revised May fall of 0.2 per cent. Dealers said that although the output data were stronger than expected they had been boosted by one-off factors.

An increase of 0.3 per cent in

July output producer prices was above forecasts in the region of 0.1 per cent but had no impact. Input prices rose at the expected monthly rate of 0.2 per cent.

Sterling fell 1/4 cent to \$1.6930 and to ¥231.00 from ¥231.75, but was unchanged to SF1.5145, while rising to FF9.9750 from FF9.9625. The pound's index was unchanged throughout the day at 90.8.

The Spanish peseta traded steadily at the top of the European exchange rate mechanism as the Bank of Spain left its money market intervention rate at 12.75 per cent. A rise of 1.2 per cent in July Spanish retail prices, provides little room for an early cut in rates, according to dealers. The Bank of France also left its money market intervention rate unchanged yesterday, at 9.00 per cent, as the franc remained near the bottom of the ERM.

EMS EUROPEAN CURRENCY UNIT RATES

	Unit	Central Rate	Change	% Change	Discrepancy
Spanish Peseta	133.631	128.260	-5.371	-4.06	66
Belgian Franc	20.336	20.336	0.000	0.00	0
Italian Lira	1,336.27	1,336.27	0.000	0.00	0
French Franc	6.55957	6.55957	0.000	0.00	0
German Mark	1.00	1.00	0.000	0.00	0
Portuguese Escudo	200.482	200.482	0.000	0.00	0
Irish Punt	7.87564	7.87564	0.000	0.00	0
Swedish Krona	103.759	103.759	0.000	0.00	0
Danish Krone	136.760	136.760	0.000	0.00	0

Central rates set by the European Commission. Changes are in decimal relative terms. Percentage changes are for the dollar, a positive change denotes a weak currency. Discrepancy shows the ratio between two rates; the percentage difference between the actual rate and the central rate, and the maximum permitted percentage deviation of the currency's market rate from its central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Aug 13	Day's	Close	One month	%	Three months	%
US	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Canada	1.3410	1.3410	1.3410	0.00	1.3410	0.00
Japan	169.30	169.30	169.30	0.00	169.30	0.00
France	136.50	136.50	136.50	0.00	136.50	0.00
Germany	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Italy	1,336.27	1,336.27	1,336.27	0.00	1,336.27	0.00
Spain	133.631	133.631	133.631	0.00	133.631	0.00
Sweden	103.759	103.759	103.759	0.00	103.759	0.00
Denmark	136.760	136.760	136.760	0.00	136.760	0.00
Portugal	200.482	200.482	200.482	0.00	200.482	0.00
Belgium	20.336	20.336	20.336	0.00	20.336	0.00
Switzerland	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Finland	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Yugoslavia	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Czech Republic	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Slovakia	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Hungary	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Poland	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Romania	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Bulgaria	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Greece	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Turkey	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Israel	1.6930	1.6930	1.6930	0.00	1.6930	0.00
South Africa	1.6930	1.6930	1.6930	0.00	1.6930	0.00
India	1.6930	1.6930	1.6930	0.00	1.6930	0.00
China	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Japan	1.6930	1.6930	1.6930	0.00	1.6930	0.00
South Korea	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Philippines	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Indonesia	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Malaysia	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Singapore	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Thailand	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Brunei	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Mexico	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Colombia	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Venezuela	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Ecuador	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Peru	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Bolivia	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Paraguay	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Uruguay	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Argentina	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Chile	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Brazil	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Cuba	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Haiti	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Dominican Republic	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Jamaica	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Puerto Rico	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Trinidad and Tobago	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Guyana	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Suriname	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Guatemala	1.6930	1.6930	1.6930	0.00	1.6930	0.00
El Salvador	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Honduras	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Nicaragua	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Costa Rica	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Panama	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Honduras	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Nicaragua	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Costa Rica	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Panama	1.6930	1.6930	1.6930	0.00	1.6930	0.00

Commercial rates taken towards the end of London trading. Six-month forward dollar 1.6930-1.6930. 12 Month 1.6930-1.6930.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Aug 13	Day's	Close	One month	%	Three months	%
UK	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Canada	1.3410	1.3410	1.3410	0.00	1.3410	0.00
Japan	169.30	169.30	169.30	0.00	169.30	0.00
France	136.50	136.50	136.50	0.00	136.50	0.00
Germany	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Italy	1,336.27	1,336.27	1,336.27	0.00	1,336.27	0.00
Spain	133.631	133.631	133.631	0.00	133.631	0.00
Sweden	103.759	103.759	103.759	0.00	103.759	0.00
Denmark	136.760	136.760	136.760	0.00	136.760	0.00
Portugal	200.482	200.482	200.482	0.00	200.482	0.00
Belgium	20.336	20.336	20.336	0.00	20.336	0.00
Switzerland	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Finland	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Yugoslavia	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Czech Republic	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Slovakia	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Hungary	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Poland	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Romania	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Bulgaria	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Greece	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Turkey	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Israel	1.6930	1.6930	1.6930	0.00	1.6930	0.00
South Africa	1.6930	1.6930	1.6930	0.00	1.6930	0.00
India	1.6930	1.6930	1.6930	0.00	1.6930	0.00
China	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Japan	1.6930	1.6930	1.6930	0.00	1.6930	0.00
South Korea	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Philippines	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Indonesia	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Malaysia	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Singapore	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Thailand	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Brunei	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Mexico	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Colombia	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Venezuela	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Ecuador	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Peru	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Bolivia	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Paraguay	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Uruguay	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Argentina	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Chile	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Brazil	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Cuba	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Haiti	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Dominican Republic	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Jamaica	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Puerto Rico	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Trinidad and Tobago	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Guyana	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Suriname	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Guatemala	1.6930	1.6930	1.6930	0.00	1.6930	0.00
El Salvador	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Honduras	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Nicaragua	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Costa Rica	1.6930	1.6930	1.6930	0.00	1.6930	0.00
Panama	1.6930	1.6930	1.6930	0.00	1.6930	0.00

Commercial rates taken towards the end of London trading. Six-month forward dollar 1.6930-1.6930. 12 Month 1.6930-1.6930.

EURO-CURRENCY INTEREST RATES

Aug 13	Short	7 days	One month	Three months	Six months	One year
London	11.11	11.11	11.11	11.11	11.11	11.11
Frankfurt	11.11	11.11	11.11	11.11	11.11	11.11
Paris	11.11	11.11	11.11	11.11	11.11	11.11
Brussels	11.11	11.11	11.11	11.11	11.11	11.11
Amsterdam	11.11	11.11	11.11	11.11	11.11	11.11
Geneva	11.11	11.11	11.11	11.11	11.11	11.11
Basel	11.11	11.11	11.11	11.11	11.11	11.11
Madrid	11.11	11.11	11.11	11.11	11.	

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CANADA

Sales	Stock	High	Low	Close	Chng	Sales	Stock	High	Low	Close	Chng	Sales	Stock	High	Low	Close	Chng	Sales	Stock	High	Low	Close	Chng
TORONTO																							
3:00 pm prices August 13																							
<i>Quotations in cents unless marked \$</i>																							
10000 Alcan PV	\$18 1/2	18 1/2	18 1/2	18 1/2		2500 Cent En	480	470	470	470		5000 Laurent G	57 1/2	74	74	74		157400 RyTruSec	9 1/2	9 1/2	9 1/2	9 1/2	
40000 Air Can	82 1/2	82 1/2	82 1/2	82 1/2		2500 Cogeco	52 1/2	52 1/2	52 1/2	52 1/2		4000 New Brk	40 1/2	39 1/2	39 1/2	39 1/2		4000 SilverSun A	61 1/2	14 1/2	14 1/2	14 1/2	++
40000 Air Tel	84 1/2	84 1/2	84 1/2	84 1/2		5000 Computrol	175	175	175	175		4100 Norpac	20 1/2	20 1/2	20 1/2	20 1/2		7800 Sceptre R	30	30	30	30	
40000 Bell	84 1/2	84 1/2	84 1/2	84 1/2		5000 CogecoD A	89 1/2	89 1/2	89 1/2	89 1/2		4000 Norpac	20 1/2	20 1/2	20 1/2	20 1/2		7800 Sceptre R	30	30	30	30	
2000 Alcan	14 1/2	14 1/2	14 1/2	14 1/2		5000 CogecoD A	89 1/2	89 1/2	89 1/2	89 1/2		4000 Norpac	20 1/2	20 1/2	20 1/2	20 1/2		7800 Sceptre R	30	30	30	30	
22900 Alcan A1	32 1/2	32 1/2	32 1/2	32 1/2		5000 CogecoD A	89 1/2	89 1/2	89 1/2	89 1/2		4000 Norpac	20 1/2	20 1/2	20 1/2	20 1/2		7800 Sceptre R	30	30	30	30	
24000 Alcan C1	31 1/2	31 1/2	31 1/2	31 1/2		5000 CogecoD A	89 1/2	89 1/2	89 1/2	89 1/2		4000 Norpac	20 1/2	20 1/2	20 1/2	20 1/2		7800 Sceptre R	30	30	30	30	
40000 Bell	84 1/2	84 1/2	84 1/2	84 1/2		5000 CogecoD A	89 1/2	89 1/2	89 1/2	89 1/2		4000 Norpac	20 1/2	20 1/2	20 1/2	20 1/2		7800 Sceptre R	30	30	30	30	
40000 Bell	84 1/2	84 1/2	84 1/2	84 1/2		5000 CogecoD A	89 1/2	89 1/2	89 1/2	89 1/2		4000 Norpac	20 1/2	20 1/2	20 1/2	20 1/2		7800 Sceptre R	30	30	30	30	
40000 Bell	84 1/2	84 1/2	84 1/2	84 1/2		5000 CogecoD A	89 1/2	89 1/2	89 1/2	89 1/2		4000 Norpac	20 1/2	20 1/2	20 1/2	20 1/2		7800 Sceptre R	30	30	30	30	
40000 Bell	84 1/2	84 1/2	84 1/2	84 1/2		5000 CogecoD A	89 1/2	89 1/2	89 1/2	89 1/2		4000 Norpac	20 1/2	20 1/2	20 1/2	20 1/2		7800 Sceptre R	30	30	30	30	
40000 Bell	84 1/2	84 1/2	84 1/2	84 1/2		5000 CogecoD A	89 1/2	89 1/2	89 1/2	89 1/2		4000 Norpac	20 1/2	20 1/2	20 1/2	20 1/2		7800 Sceptre R	30	30	30	30	
40000 Bell	84 1/2	84 1/2	84 1/2	84 1/2		5000 CogecoD A	89 1/2	89 1/2	89 1/2	89 1/2		4000 Norpac	20 1/2	20 1/2	20 1/2	20 1/2		7800 Sceptre R	30	30	30	30	
40000 Bell	84 1/2	84 1/2	84 1/2	84 1/2		5000 CogecoD A	89 1/2	89 1/2	89 1/2	89 1/2		4000 Norpac	20 1/2	20 1/2	20 1/2	20 1/2		7800 Sceptre R	30	30	30	30	

[illegible]

TOKYO - Most Active Stocks						
Tuesday, August 13 1991						
	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices
Mitsubishi Marine	2.8m	880	-8	Kawasumi Heavy	2.8m	486
Mitsubishi Heavy	2.8m	690	-1	Nippon Mining	2.5m	830
Chiyoda Corp.	2.7m	1,730	-10	Tokai	2.1m	1,130
Nippon Steel	2.7m	350	+3	Kumho Inc.	1.7m	705
Nippon Carbon	2.7m	990	-1	NKK	1.2m	352

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(Source: International Financial Managers in Europe survey 1989).

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NASDAQ NATIONAL MARKET

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3:00 pm prices August 13

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Data source: Chief Executives in Europe 1990

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